

APPEARANCES

COMMISSIONERS

Chuck Winner, Chairman

Richard Rosenberg, Vice Chairman

Jesse Choper

Steve Beneto

George Krikorian

Madeline Auerbach

Alex Solis

STAFF

Rick Baedeker, Executive Director

Robert Miller, General Counsel

Phil Laird, Staff Counsel

Jacqueline Wagner, Assistant Executive Director

Rick Arthur, Equine Medical Director

Mike Marten, Associate Analyst, Policy & Regulations

Jeff Salmon, Track Safety Program

ALSO PRESENT

Tom Robbins, Del Mar Thoroughbred Club

Frank DeMarco, Los Angeles Turf Club

Craig Dato, Del Mar Thoroughbred Club/California Marketing
Committee

Shannon McDonald, California Marketing Committee

David Israel, Former CHRB Chair

APPEARANCES

ALSO PRESENT

Scott Daruty, Santa Anita Park

Darrell Haire, Jockeys' Club

Cliff Goodrich, California Thoroughbred Horsemen's
Foundation

Nick Coukos, Thoroughbred Owners of California

Dan Schiffer, Pacific Coast Quarter Horse Racing Association

Curtis Linnell, Thoroughbred Racing Protective Bureau

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P R O C E E D I N G S

9:30 A.M.

(The meeting was called to order at 9:34 A.M.)

ARCADIA, CALIFORNIA, THURSDAY, FEBRUARY 25, 2016

CHAIRMAN WINNER: We have a pretty full agenda today, so I think we'll get started and see if we can get through this thing. We'll start with my normal speech.

Ladies and Gentlemen, this meeting of the California Horse Racing Board will come to order. Please take your seats. This is the regular noticed meeting of the California Horse Racing Board on Thursday, February 25, 2016 at Santa Anita Park Race Track, Arcadia, California.

Present at today's meeting are: myself, Chuck Winner, Chairman; Vice Chairman Richard, Rosenberg; Madeline Auerbach, Commissioner; Steve Beneto, Commissioner; Jesse Choper, Commissioner; George Krikorian, Commissioner; and Alex Solis, Commissioner.

Before we go on to the business of the meeting I need to make a few comments. The Board invites public comment on the matters appearing on the meeting agenda. The Board also invites comments from those present today on matters not appearing on the agenda during a public comment period if the matter concerns horse racing in California.

In order to ensure all individuals have an

1 opportunity to speak and the meeting proceeds in a timely
2 fashion, we'll strictly enforce the three-minute time limit
3 rule for each speaker. The three-minute time limit will be
4 enforced during discussion of all matters as stated on the
5 agenda, as well as during the public comment period.

6 There's a public comment sign-in sheet for each
7 agenda matter on which the Board invites comments. Also,
8 there is a sign-in sheet for those wishing to speak during
9 the public comment period for matters not on the Board's
10 agenda if it concerns horse racing in California. Please
11 print your name legibly on the public comment sign-in sheet.

12 When a matter is open for public comment your name
13 will be called. Please come to the podium and introduce
14 yourself by stating your name and organization clearly.
15 This is necessary for the court reporter to have a clear
16 record of all who speak. When your three minutes are up
17 I'll ask you to return to your seat so others can be heard.

18 When all the names have been called I'll ask if
19 there is any more or anyone else who would like to speak on
20 the matter before the Board. Also, the Board may ask
21 questions of individuals who speak. If a speaker repeats
22 himself or herself, I'll ask if the speaker has any new
23 comments to make. If there are none, then I'll ask the
24 speaker to let others make their comments to the Board.
25 Thank you very much.

1 What they're trying to do here, as you can all
2 see, is to make arrangements for us to be able to watch the
3 race in Dubai with California Chrome. So when that race
4 comes up --

5 VICE CHAIR ROSENBERG: 9:55.

6 CHAIRMAN WINNER: -- if we're able to make it work
7 we'll take a very quick recess, watch the race and come
8 back. For those of you who have made a slight wager on the
9 race, this may be important to you.

10 COMMISSIONER BENETO: Where do we place the bets?

11 CHAIRMAN WINNER: All right, let's -- let's move
12 on with the agenda. The first item on the agenda is
13 approval of the minutes from the December 17th, 2015
14 meeting.

15 Are there any additions, deletions, comments,
16 questions on the agenda? If not, I'll entertain a vote.

17 COMMISSIONER KRIKORIAN: Moved.

18 CHAIRMAN WINNER: Commissioner Krikorian moves to
19 approve.

20 COMMISSIONER SOLIS: Second.

21 CHAIRMAN WINNER: Commissioner Solis seconds.

22 I think we have to take the roll call; do we, Bob?

23 MR. MILLER: Yes, sir.

24 CHAIRMAN WINNER: Okay. Commissioner Krikorian?

25 COMMISSIONER KRIKORIAN: Yes.

1 CHAIRMAN WINNER: Commissioner Solis votes aye.

2 Commissioner Auerbach?

3 COMMISSIONER AUERBACH: Yeah.

4 CHAIRMAN WINNER: I vote aye.

5 Commissioner Rosenberg?

6 VICE CHAIR ROSENBERG: Aye

7 CHAIRMAN CHOPER: Yes.

8 CHAIRMAN WINNER: Commissioner Choper? Yes.

9 Commissioner Beneto?

10 COMMISSIONER BENETO: Yes.

11 CHAIRMAN WINNER: The minutes are approved by a
12 unanimous vote.

13 And now we go to the -- to you; right?

14 EXECUTIVE DIRECTOR BAEDEKER: To me, yeah. Thank
15 you.

16 CHAIRMAN WINNER: We go to Mr. Baedeker.

17 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.
18 Chairman. Just a couple of things.

19 I wanted to clarify an action that was taken by
20 the Board of Stewards at Cal Expo earlier this month. It
21 was a unique situation where we had a trainer who had six
22 positive tests for cobalt within a period of just several
23 racing days. And as I think everybody knows the normal
24 procedure is, once a positive test is received back, the
25 test results are received back, then an investigation is

1 done and filed and complaint filed with the stewards. Then
2 there is a hearing schedule, and then a proposed ruling is
3 made. And then it finally comes before this Board. And
4 that process can take, you know, two or three months.

5 But in this situation CHRB felt that allowing the
6 trainer to continue to train, because of this extreme
7 situation, posed a risk to the public interest, as well, of
8 course, posed a horse -- a welfare risk to horses. And so
9 as a result CHRB filed a petition for an interim suspension
10 with the Board of Stewards which was granted, which meant
11 that the steward -- the -- I'm sorry, the trainer was
12 suspended immediately. And all of the horses in her care
13 were placed on the steward's list and had to be placed with
14 other trainers approved by the stewards. There was
15 confusion about that. Some people thought in blog world
16 that the interim suspension was, in fact, a penalty for all
17 of the violations.

18 That whole process is ongoing and -- and will go
19 through as I just described and ultimately come before the
20 Board here with all the facts.

21 The only other thing I have, I'm pleased to read
22 you the following letter. It is addressed to George Slender
23 who, as I'm sure you know, retired at the end of last year
24 after a long career as a steward. It reads as follows:

25 "It is an honor to congratulate you on your

1 retirement from the California Horse Racing Board following
2 57 years of dedicated service to the horse racing industry
3 and the State of California. You have helped to meet the
4 needs of California, its residents, and the horse racing
5 industry for many year and I thank you. Your recently being
6 named Outstanding Steward by the Racing Official
7 Accreditation Program is a testament to your service. Best
8 wishes for the future. I hope your retirement is fulfilling
9 and you enjoy it to the fullest." Signed, "Jerry Brown,
10 Governor of California."

11 And I just -- I'm sure you all share the good
12 wishes expressed in the letter. But I think it's not only a
13 recognition of an outstanding steward who spent all of those
14 years serving racing in California, but I think it'
15 generally an acknowledgment of the good work that our
16 stewards do day in and day out. And I just think it's
17 terrific that the governor took the time to write the
18 letter.

19 Financials for the month, on-track business was a
20 little sluggish, down 2.2 percent for the daytime, up 2.0
21 percent for the nighttime. They had an additional day of
22 racing versus last year. Everything in, down 1.9 percent.
23 But because of lifts in out-of-state wagering, totals for
24 the month are up 2.09 percent for daytime and up 1.05 for
25 night. And everything in, up just under 2.0 percent.

1 And that's my report, Mr. Chairman.

2 CHAIRMAN WINNER: Thank you very much, Rick. And
3 I think we all agree with your comments and the governor's
4 comments with respect to George Slender.

5 Next is a public comment period.

6 I have no cards, Mike.

7 Is there anyone here who wishes to speak during
8 the public comment period? Okay.

9 Then we will move on to the next item which is
10 discussion and action by the Board regarding the
11 distribution of race day charity proceeds of the Del Mar
12 Thoroughbred Club in the amount of \$24,261 to four
13 beneficiaries.

14 Good morning.

15 MR. ROBBINS: Good morning. Tom Robbins, Del Mar
16 Thoroughbred Club.

17 I think you have all the information.

18 CHAIRMAN WINNER: I do. Any -- do you have -- do
19 you have a statement you want to make?

20 MR. ROBBINS: No, I don't. Happy to answer any
21 questions.

22 CHAIRMAN WINNER: Anybody have any questions for
23 Tom? Any questions?

24 Is there a motion?

25 COMMISSIONER AUERBACH: So moved.

1 CHAIRMAN WINNER: Commissioner Auerbach moves.
2 VICE CHAIR ROSENBERG: Second.
3 CHAIRMAN WINNER: Vice Chair Rosenberg seconds.
4 Any discussion? I'll start on this side.
5 Commissioner Beneto?
6 COMMISSIONER BENETO: Yes.
7 CHAIRMAN WINNER: Commissioner Choper?
8 CHAIRMAN CHOPER: Yeah.
9 CHAIRMAN WINNER: Vice Chair Rosenberg?
10 VICE CHAIR ROSENBERG: Yes.
11 CHAIRMAN WINNER: The Chairman votes yes.
12 Commissioner Auerbach?
13 COMMISSIONER AUERBACH: Yes.
14 CHAIRMAN WINNER: Commissioner Solis?
15 COMMISSIONER SOLIS: Yes.
16 CHAIRMAN WINNER: Commissioner Krikorian?
17 COMMISSIONER KRIKORIAN: Yes.
18 CHAIRMAN WINNER: The matter passes unanimously.
19 Thank you, Tom --
20 MR. ROBBINS: Thank you.
21 CHAIRMAN WINNER: -- for that wonderful report.
22 Discussion and action by the Board regarding the
23 distribution of race date charity proceeds of the Los
24 Angeles Turf Club II in the amount of \$26,800 to ten
25 beneficiaries.

1 MR. DEMARCO: Good morning, Mr. Chairman and
2 Members. I don't think I can surpass Tom Robbins speech,
3 but I'll try.

4 This is another 100 percent distribution by LATC
5 to horse-related charities. I submit it's a no-brainer and
6 request your approval.

7 CHAIRMAN WINNER: Any questions? I'm sorry, oh,
8 could you just -- we need your name and affiliation, please,
9 on the record.

10 MR. DEMARCO: Frank DeMarco, Los Angeles Turf
11 Club.

12 CHAIRMAN WINNER: Thank you, Frank.

13 Any questions for Mr. DeMarco? Is there a motion?

14 COMMISSIONER BENETO: Moved.

15 CHAIRMAN WINNER: Commissioner Beneto moves.

16 CHAIRMAN CHOPER: Second.

17 CHAIRMAN CHOPER: Commissioner Choper seconds.

18 Any discussion?

19 Commissioner Krikorian?

20 COMMISSIONER KRIKORIAN: Yes.

21 CHAIRMAN WINNER: Commissioner Solis?

22 COMMISSIONER SOLIS: Yes.

23 CHAIRMAN WINNER: Commissioner Auerbach?

24 COMMISSIONER AUERBACH: Yes.

25 CHAIR STRINGER: The Chairman votes yes.

1 Vice Chairman?

2 VICE CHAIR ROSENBERG: Yes

3 CHAIRMAN CHOPER: Yes.

4 COMMISSIONER BENETO: Yes.

5 CHAIRMAN WINNER: Commissioner Choper and
6 Commissioner Beneto vote yes. Unanimous approval.

7 Thank you for coming all this way, Frank.

8 MR. DEMARCO: It's a pleasure to be here.

9 CHAIRMAN CHOPER: Good exercise, Frank.

10 CHAIRMAN WINNER: The next item, discussion and
11 action by the Board regarding a report from the California
12 Marketing Committee, CMC, regarding its 2016 marketing and
13 promotion plans pursuant to Business and Professions Code
14 section 19605.73(b)

15 Hello, Craig.

16 Hello, guys.

17 MS. MCDONALD: Good morning.

18 MR. DATO: Good morning. My name is Craig Dato.
19 I'm with the Del Mar Thoroughbred Club. And I'm the Chair
20 of the California Marketing Committee.

21 Most of you have heard our overview in the past.
22 We have a budget of \$1.7 million. It used to be closer to
23 \$6 million. But unfortunately, due to a shift in handle
24 from satellites to ADWs in a legislative change that number
25 has been reduced significantly, down to \$1.7 million.

1 Over the years the CMC has spent money on a
2 variety of projects from statewide branding to research to
3 television replay shows, we've tried almost a little bit of
4 everything. But given that our spending now is statewide
5 and covers the entire year, \$1.7 million doesn't really go
6 very far.

7 Therefore, a few years back we've narrowed our
8 focus significantly to emphasize two things, one being
9 product enhancement which is more horses and better --
10 better quality horses, and the other being handle generation
11 from significant players. Now for product enhancement, it
12 actually makes up two-thirds of our budget.

13 And from an academic perspective, when you look at
14 the four Ps of marketing the first P is product. And we
15 believe that in the racing industry that is the most
16 important of the four Ps. The budget this year when it
17 comes to product enhancement projects includes things such
18 as: The Golden State Series which encourages California
19 breeding through purse enhancements; a Two-Year-Old Stakes'
20 Program which was created to expand stakes' opportunities in
21 California for two-year-olds, particularly turf
22 opportunities; the Ship-and-Win Program at Del Mar which
23 we've done for years now which encourages out-of-state
24 horses to race in California; and then there's a horse
25 recruitment portion which -- which includes new stable

1 recruitment, as well as stakes' horse recruitment.

2 And I do want to note that Santa Anita and the TOC
3 are very close to finalizing how that money will be spent
4 during the Santa Anita season that we're currently in. And
5 I expect that to be one today.

6 In addition to product enhancement projects, the
7 CMC also funds the Significant Player Program which is an
8 incentive program for players that wager \$20,000 or more per
9 month. And then there's the Cal Racing website, which we're
10 very proud of and is considered one of the most useful
11 websites in racing. Live videos and race replays are what
12 people primarily go there for. And the site attracted last
13 year 1.8 million visitors, 448,000 of them were unique
14 visitors, and there were 6.5 million page views.

15 So I'm here to -- happy to answer any questions.
16 That's the budget for 2016.

17 CHAIRMAN WINNER: Any questions?

18 COMMISSIONER AUERBACH: I have a question.

19 CHAIRMAN WINNER: Thank you. Go ahead.

20 COMMISSIONER AUERBACH: You're welcome.

21 I was just a little curious, Craig or anybody who
22 wants to answer this. You talk about the satellite
23 marketing. And I'm a little curious, what is it that you
24 can do with satellite marketing to keep it vibrant? What do
25 you have planned? Because you're very non-specific, so I

1 thought I would ask.

2 MR. DATO: Yeah. That's a fair question. The
3 trend in satellites now has been handicapping contests. And
4 last year we rolled out a statewide handicapping contest
5 once a month; right, Shannon?

6 MS. MCDONALD: Right. Second year.

7 MR. DATO: Second year. And it's just starting --

8 CHAIRMAN WINNER: Since you're speaking --

9 MS. MCDONALD: Shannon McDonald, California
10 Marketing Committee.

11 CHAIRMAN WINNER: Thank you.

12 MR. DATO: It really gets to the heart of the
13 betters. They enter the contest, prize money. It didn't do
14 as well as we'd hoped, but we haven't given up on it. We
15 want to continue to push it because that's the one thing
16 that all the satellites can participate in very easily.

17 We also generally piggyback on two of the
18 giveaways that the live tracks are doing. We always do the
19 calendars on opening day at Santa Anita because we feel
20 there's value in people having a racing calendar on their
21 wall year round. And then we generally piggyback on one of
22 the Del Mar items and they give them away.

23 It's hard to evaluate whether it's a real
24 profitable move at the satellites, given that the -- the
25 specifics of the -- how much they keep in handle there for

1 the satellites. But it's almost in a lot of ways a gesture
2 of good faith to our fans there. We're looking at it and
3 really asking questions about whether that's a good spend.
4 But we really like the handicapping contest segment and
5 we're really going to be pushing in that area.

6 COMMISSIONER AUERBACH: Well, is the handicapping
7 contest, is that just for people who go to the satellites or
8 minisatellites or is it limited?

9 MR. DATO: It's limited to any -- any facility in
10 the state, so it's on-track, Santa Anita and their
11 satellite, all the minis, any place where there's -- there's
12 a machine, you can bet in the tournament. It's a statewide
13 tournament.

14 COMMISSIONER AUERBACH: So -- but it is -- it is
15 specifically to that audience?

16 MR. DATO: YES.

17 COMMISSIONER AUERBACH: Okay.

18 MR. DATO: Although you can play on-track, as
19 well, but -- yes, you can.

20 CHAIRMAN WINNER: So --

21 MR. DATO: But we're allowing the satellites to
22 play. It's a statewide tournament.

23 COMMISSIONER AUERBACH: And how many of the -- is
24 it one tournament? Is it two? Is it --

25 MS. MCDONALD: Last year we did six and then a

1 finals. And then coming out of the finals, three people
2 went on to the national handicapping tournament in Las
3 Vegas.

4 COMMISSIONER AUERBACH: So how many people do you
5 get to --

6 MS. MCDONALD: Several hundred statewide.

7 COMMISSIONER AUERBACH: At each specific --

8 MS. MCDONALD: Yeah, depending on who's
9 participating and who's running live and what month it is
10 and --

11 COMMISSIONER AUERBACH: So you kind of -- you
12 point them to like the national handicapping thing and --

13 MS. MCDONALD: Well, that's the prize. That's
14 what everybody is playing for, in addition to a cash prize
15 each month. And then at the end three people went on to the
16 finals in Las Vegas.

17 COMMISSIONER AUERBACH: So what --

18 MS. MCDONALD: And they were very excited to do
19 so.

20 MS. MCDONALD: So, Shannon, do any of the
21 individual, like the minisatellites, do any of them come up
22 with their own little special prizes if you go through them,
23 or do they have anything like that? Have they --

24 MS. MCDONALD: I don't think for this tournament
25 they do. I do believe that all sites have their own

1 promotions that run alongside of whatever we might do.
2 Because this is just a very small amount of money that
3 spread statewide --

4 COMMISSIONER AUERBACH: Right.

5 MS. MCDONALD: -- to fair satellites,
6 minisatellites, casinos.

7 COMMISSIONER AUERBACH: Yeah. I was looking at
8 the list.

9 MS. MCDONALD: Right.

10 COMMISSIONER AUERBACH: So thank you.

11 MS. MCDONALD: Sure.

12 VICE CHAIR ROSENBERG: On that subject of this
13 \$171,000 -- what is it, what is it, \$120,000, do the checks
14 come from the CMC to an entity that distributes it to others
15 or it goes to individual satellite locations?

16 MS. MCDONALD: Oh, no, it does not go to
17 individual satellite locations. It's all managed through
18 the CMC --

19 VICE CHAIR ROSENBERG: By the CMC?

20 MS. MCDONALD: -- and in cooperation with CARF, as
21 well --

22 VICE CHAIR ROSENBERG: Okay.

23 MS. MCDONALD: -- as they represent the bulk of
24 the --

25 VICE CHAIR ROSENBERG: Thanks.

1 MS. MCDONALD: -- satellites.

2 CHAIRMAN WINNER: Are there other questions?

3 Yes, Commissioner Choper?

4 CHAIRMAN CHOPER: The rebate that you give to the
5 big players, now as I understand it's one percent of
6 their -- of their action. Have you any way of measuring
7 whether this -- and they have to be at the track, I take it.

8 MR. DATO: They can be anywhere statewide. They
9 can be at a satellite.

10 CHAIRMAN CHOPER: Bet with an ADW?

11 MR. DATO: No. You have to bet through the pools
12 at your satellite or through the pools on track.

13 CHAIRMAN WINNER: You have to be present.

14 CHAIRMAN CHOPER: I understand.

15 CHAIRMAN WINNER: They can't bet on --

16 MR. DATO: They have to be present, right.

17 CHAIRMAN WINNER: They can't bet on the
18 internet --

19 MR. DATO: No.

20 CHAIRMAN WINNER: -- or iPad.

21 CHAIRMAN CHOPER: Oh, I see.

22 MR. DATO: Correct.

23 CHAIRMAN CHOPER: So it's a satellite --

24 MR. DATO: Yeah.

25 CHAIRMAN CHOPER: -- or the track?

1 MR. DATO: Yeah.

2 CHAIRMAN CHOPER: Okay.

3 MR. DATO: And I want to add something to that.
4 The one percent may not sound like much. But what we're
5 tending to do here is we provide the platform to track the
6 players and give the first one percent. Santa Anita and Del
7 Mar both add to that one percent significantly.

8 CHAIRMAN CHOPER: They do?

9 MR. DATO: Yes, they do. But we use the CMC as
10 the basis for tracking and the first one percent.

11 CHAIRMAN CHOPER: So is it public information as
12 to what --

13 MR. DATO: Yes.

14 CHAIRMAN CHOPER: How much is it?

15 MR. DATO: Yeah. Santa Anita -- well, Santa Anita
16 and Del Mar do it differently, so I don't know exactly their
17 specifics.

18 CHAIRMAN CHOPER: Well, approximately.

19 MR. DATO: We at Del Mar give another percent if
20 you're over \$100,000. And then we give another -- up to
21 three percent if you're over \$150,000 a month.

22 CHAIRMAN CHOPER: A month.

23 MR. DATO: A month, calendar month.

24 CHAIRMAN CHOPER: So if you get to one-and-a-half,
25 right, then I take it to your knowledge Santa Anita is

1 probably similar; right?

2 MR. DATO: Uh-huh.

3 CHAIRMAN CHOPER: So that's two-and-a-half percent
4 of their -- of their action?

5 MR. DATO: It can be as high as three. I think
6 Santa Anita gets even more generous than that, I believe.

7 CHAIRMAN CHOPER: Uh-huh.

8 MR. DATO: So does that sound like a lot of money?

9 CHAIRMAN WINNER: It's three plus the one or three
10 including the one?

11 MR. DATO: Three total. Three total. We've heard
12 from our big players and they realize that they can get
13 rebated more than that if they bet offshore or whatever.

14 CHAIRMAN CHOPER: Yes.

15 MR. DATO: However, it's a gesture of good faith,
16 and it's been enough to keep guys betting through our --
17 through our -- through our pools. They say thank you, we
18 appreciate it. It keeps them around.

19 CHAIRMAN CHOPER: You do that by simple
20 responses --

21 MR. DATO: There's --

22 CHAIRMAN CHOPER: -- voluntary responses?

23 MR. DATO: There's not that many of them. We talk
24 to them.

25 CHAIRMAN CHOPER: You mean you canvass them all

1 pretty fast?

2 MR. DATO: Pretty fast. And in addition, you
3 know, we take care of our big-big whales with things, you
4 know, meals and accommodations and such. And this program
5 is their way to prove to us what they're betting. In other
6 words, we're not going to take your word for it. You've got
7 to get a card and use the system and take that three
8 percent. And then if you're betting millions of dollars
9 we'll do more stuff for you. But you need to prove to us
10 that you're betting that money, and this is the platform
11 that allows us to measure it.

12 CHAIRMAN CHOPER: You said \$150,000 a month?

13 MR. DATO: \$150,000 a month gets you to three
14 percent at Del Mar.

15 CHAIRMAN CHOPER: Yeah.

16 MR. DATO: Yeah.

17 CHAIRMAN CHOPER: But that's --

18 MR. DATO: Yeah.

19 CHAIRMAN CHOPER: So that's a big in.

20 MR. DATO: Yeah.

21 CHAIRMAN CHOPER: So what do you -- what is your
22 information about what the offshore people are betting
23 monthly, daily, weekly, how much?

24 MR. DATO: We don't have access to that,
25 unfortunately.

1 CHAIRMAN CHOPER: I understand.

2 MR. DATO: Yeah.

3 CHAIRMAN CHOPER: But what do you think? You mean
4 you have no idea?

5 MR. DATO: I'd be reluctant to just give you my
6 opinion.

7 CHAIRMAN CHOPER: That's fair enough.

8 MR. DATO: But, you know, it's -- it's --

9 CHAIRMAN CHOPER: That's all right.

10 MR. DATO: Yeah.

11 CHAIRMAN CHOPER: No, I mean, I don't know why
12 you're reluctant. Maybe the worst thing you can be is
13 wrong.

14 MR. DATO: Right.

15 CHAIRMAN CHOPER: It's not going to cost you
16 anything.

17 MR. DATO: Right.

18 CHAIRMAN CHOPER: But I'm -- how do we find out
19 about that?

20 CHAIRMAN WINNER: You can't. That's why they're
21 offshore.

22 COMMISSIONER AUERBACH: I think Commissioner
23 Choper is looking for his three percent.

24 CHAIRMAN WINNER: Do you bet offshore?

25 COMMISSIONER AUERBACH: The race is about to go

1 off.

2 CHAIRMAN CHOPER: It wouldn't help.

3 COMMISSIONER AUERBACH: The race is about to go
4 off.

5 CHAIRMAN WINNER: Okay. So let's take a recess
6 and we'll watch this race.

7 (Off the record at 9:55 a.m.)

8 (On the record at 9:58 a.m.)

9 CHAIRMAN WINNER: Congratulations to California
10 Chrome and his connections. And thank you to Rick and Mike
11 for making the arrangements for us to -- and to Santa
12 Anita --

13 COMMISSIONER AUERBACH: Thank you.

14 CHAIRMAN WINNER: -- for making the arrangements
15 for us to be able to watch the race. We appreciate it very
16 much.

17 The next item on the agenda is the -- is the
18 discussion and action by the Board on the application for
19 license to conduct a horse racing meeting of the Los
20 Alamitos Thoroughbred Racing Association at Los Alamitos
21 Race Course, commencing April 13th, 2013 through May 3rd,
22 2016, inclusive.

23 And we're going to put this item off. And the
24 reason is the same reason that we put off other requests
25 from, I believe Santa Anita and Golden Gate, the -- we don't

1 have all of the -- all of the items that are required, and
2 we didn't have them in the required time. Still needed
3 are -- I don't know if they're all still needed.

4 EXECUTIVE DIRECTOR BAEDEKER: The bottom three.

5 CHAIRMAN WINNER: The bottom three. So we still
6 need the horsemen's approval for advanced deposit wagering
7 agreements, the LARA letter requesting 14 percent takeout
8 for the Pick 5 and 20 percent takeout for the Daily Double,
9 and the marketing plan. And as you know it is our policy
10 that if we don't get -- if we don't have the materials in on
11 time we will not hear the item. So this item will be put
12 off until -- until the next -- until the next meeting.

13 We'll move on to Item Number 8.

14 Hello to our former Chairman, Mr. Israel, who has
15 just joined us. Welcome.

16 FORMER CHAIRMAN ISRAEL: Thank you.

17 CHAIRMAN WINNER: moving on then to Item Number 8,
18 discussion and action by the Board regarding the request
19 from the Los Angeles Turf Club at Santa Anita Park for
20 approval to conduct, during its current thoroughbred race
21 meeting, an Arabian race on April 2nd, 2016, conditioned
22 upon the passage of AB 588, which would allow non-
23 thoroughbred races to be conducted at thoroughbred race
24 meetings.

25 Who's going to speak on that? Scott?

1 MR. DARUTY: Good morning. Scott Daruty on behalf
2 of Santa Anita Park.

3 We're working on developing a marketing and
4 promotional relationship with a group in Qatar. They
5 obviously are big supporters of Arabian racing and have
6 requested that we run at least one but potentially a few
7 Arabian races here at Santa Anita on big days as a way of
8 promoting the breed and showing Arabian racing to
9 thoroughbred fans in the U.S.

10 The -- just so you understand, this is early in
11 the -- in the process of us developing this relationship.
12 The economics of the arrangement are such that this group is
13 putting up \$175,000, \$100,000 of which is going to the purse
14 for the race; the other \$75,000 is being donated to the
15 Permanently Disabled Jockeys Fund.

16 Santa Anita would request your approval of this
17 race. Now currently we do not have the right under the law
18 to conduct wagering on an Arabian race. But there is
19 pending in Sacramento right now a bill that would authorize
20 up to six of these races a year, subject to approval of the
21 TOC, subject, of course, to this Board approving it.
22 There's also a condition in the bill that says we would not
23 be able to run one of these races while a fair is running in
24 the north unless we had that fair's consent. Again, the
25 idea is not to try to compete against the fairs in Northern

1 California.

2 So we think it really is a good opportunity and
3 would hope that this Board blesses the arrangement. Of
4 course, if you have any questions, I'd be happy to answer
5 them.

6 CHAIRMAN WINNER: Scott, the idea that it's one
7 race, does that -- they're -- they're going to send enough
8 horses to sort of fill that card or not, fill that race --

9 MR. DARUTY: Yeah. We --

10 CHAIRMAN WINNER: -- rather than having two races
11 or something like that over a period of time?

12 MR. DARUTY: Yeah. The idea is that it is just
13 one race. If it -- the statute would allow up to --

14 CHAIRMAN WINNER: Six, yeah.

15 MR. DARUTY: -- six races per year.

16 CHAIRMAN WINNER: Right.

17 MR. DARUTY: Our thinking is that would not end up
18 being six races on a day or even three races --

19 CHAIRMAN WINNER: No, I understand.

20 MR. DARUTY: -- on a couple of days. It would be
21 this is just sort of on -- on a big day, maybe our Handicap
22 Day or Santa Anita Derby Day or opening day or, you know,
23 sometime when there's a lot of attention focused here
24 already, to run an Arabian race that would draw attention of
25 people here on track, as well as simulcast wagers across the

1 country. This is --

2 CHAIRMAN WINNER: One other question from me, and
3 then I'll ask others. Your view is that legislation will
4 pass?

5 MR. DARUTY: We are not aware of any opposition.
6 Our -- what we've been told by our lobbyist is it is slated
7 for an effective date of the end of March. So I don't think
8 I mentioned, this race would be run on April 2nd, so the
9 timing is tight.

10 And I should also mention that this has taken
11 place before. If it's ringing any bells in your mind it's
12 because a couple of years ago the Breeders' Cup did a
13 similar thing.

14 MS. WAGNER: Right.

15 COMMISSIONER AUERBACH: I do have --

16 CHAIRMAN WINNER: Do you have a question?

17 COMMISSIONER AUERBACH: Well, I have a concern,
18 and I want to get it out in the open.

19 I don't have a problem with this per se. What I
20 would have a problem with is if this reduces any of the
21 opportunities for the thoroughbred horsemen. And what I
22 mean by that, Scott, is we have a tendency here to cut back
23 days, cut back races. And I don't want to see this Arabian
24 race used and be told that we have to run less thoroughbreds
25 because we're out of daylight, we're out of this, we're out

1 of that.

2 If Santa Anita can do this in a fashion and
3 guarantee that we don't lose any racing opportunities for
4 our horsemen, then I have no problem. And I want that in
5 writing, and I want to see that that's so. Because I think
6 as a Board that's important to us because our horsemen
7 cannot be deprived of any of their opportunities for this.
8 And I think it's really important.

9 MR. DARUTY: Well, as I stand here I understand
10 your concerns, and thank you for that. I'd like to make a
11 couple of points.

12 First of all, while the money being run for this
13 race is being put up from sources other than the
14 thoroughbred purse account, any purses that are generated
15 from wagering on the race are thoroughbred purses and go
16 into the purse account. So there is some benefit there.

17 As far as the number of races on that day, I
18 apologize, as I stand here right now I don't know exactly
19 what that card is going to look like. I don't know exactly
20 how many races there will be on that card.

21 COMMISSIONER AUERBACH: Well, the issue for me is,
22 and we've been struggling with it a lot this year, and
23 that's opportunities for horsemen. And so I think we need
24 to be upfront about it and we need to protect the horsemen's
25 opportunities. It's all very nice that the purse, that some

1 of it will go back to the horsemen. But if the horsemen
2 don't have the opportunity to run their horses it creates a
3 problem. And I don't want to see anything interfering with
4 our horsemen having opportunities to run.

5 So when you're considering this for your program,
6 I think it's lovely to have an Arabian race. I see nothing
7 wrong with it. The race we had before was -- it was a
8 little weird the way it worked out but it was a pretty race.
9 But I want to make sure that we pay attention to that fact,
10 okay?

11 CHAIRMAN WINNER: It's also important, of course,
12 to the backstretch -- the Disabled Jockeys Fund being --
13 being given \$75,000.

14 COMMISSIONER AUERBACH: Very nice.

15 CHAIRMAN WINNER: This is significant.

16 COMMISSIONER AUERBACH: All of that is nice. But
17 if we take away opportunities for horsemen it's, in the long
18 run, not a good thing.

19 COMMISSIONER KRIKORIAN: Scott, could we say
20 that -- perhaps that -- let's say that the race was run on a
21 day when you typically had nine races, that it could be a
22 tenth race --

23 COMMISSIONER AUERBACH: Uh-huh.

24 COMMISSIONER KRIKORIAN: -- or, you know --

25 MR. DARUTY: Well --

1 COMMISSIONER AUERBACH: That's what I'm looking
2 for, George.

3 COMMISSIONER KRIKORIAN: -- that kind of a
4 commitment?

5 MR. DARUTY: I guess I would -- I would perhaps
6 suggest that a per-day view of racing opportunities is maybe
7 not necessarily the right approach as opposed to a per week
8 or some other. In other words, on a given day if we were
9 going to run nine and we can't squeeze in ten, you know, if
10 we ran one earlier in the week, that's the same number of
11 opportunities.

12 I just -- as I stand here right now, as I said
13 earlier, we don't even know exactly what the card is going
14 to look like yet on April 2nd. So I can't make 100 percent
15 commitment. But I think in terms of making sure within that
16 week or within some reasonable time period around the race,
17 that if there was one less on that day there would be, you
18 know, maybe one more on a day before or something like that.
19 I --

20 COMMISSIONER KRIKORIAN: Well, that would seem
21 like a fair compromise.

22 COMMISSIONER AUERBACH: As long as -- I want it
23 spelled out. I want to know. I just don't want that race
24 to disappear.

25 COMMISSIONER KRIKORIAN: Okay. So he spells it

1 out.

2 COMMISSIONER AUERBACH: And that's what -- that's
3 what tends to happen, having dealt with this before. So I
4 just want to make sure. And I don't really have a problem
5 with that if we run ten races on the Saturday, and typically
6 we run eight on the Friday, so we'd run nine on the Friday
7 so we have -- so that the horsemen have their opportunities.
8 And that's my concern.

9 MR. DARUTY: And again, I understand that. And it
10 is not our intention to run, you know, over time six less
11 thoroughbred races because we're running six Arabian races.
12 I just want to make sure we don't get locked into some given
13 day that we can't handle the logistics. So if you could
14 give us a little bit more time --

15 COMMISSIONER AUERBACH: To take it --

16 MR. DARUTY: -- to make it up, that would be fine.

17 COMMISSIONER AUERBACH: -- that's why I'm bringing
18 up now.

19 CHAIRMAN WINNER: This is a Saturday, April 2nd;
20 correct?

21 COMMISSIONER AUERBACH: Right.

22 MR. DARUTY: Yes.

23 CHAIRMAN WINNER: Are there any other questions?
24 We do have someone from the audience, as well.

25 Commissioner Choper?

1 CHAIRMAN CHOPER: Yeah. I'm repeating what I said
2 yesterday, and that is if you're serious about trying to get
3 people to get this race, then you've got to provide one way
4 or another some better information that is provided for the
5 usual Arabian race which we have in the -- at the fairs. I
6 mean, you've got to get the Racing Form or somebody to
7 provide some decent past performance information.

8 MR. DARUTY: I understand. Again, as I stand here
9 right now I don't know all that is involved in doing that.
10 But that is certainly a very good suggestion and we will
11 look into it and do everything we can.

12 CHAIRMAN CHOPER: Because otherwise, you know,
13 you're not going to get big bets made on it.

14 CHAIRMAN WINNER: Any other questions?

15 Thank you, Scott.

16 Darrell Haire.

17 MR. HAIRE: Darrell Haire, Manager of the Jockeys'
18 Guild. Good morning, Mr. Chairman, Members of the Board.

19 CHAIRMAN WINNER: Good morning.

20 MR. HAIRE: Most of my questions were answered. I
21 spoke to a lot of the riders, probably 20 riders, and most
22 of the riders, I would say 15 -- well, I take that back,
23 probably half of them would ride an Arabian race. Others
24 said no way. So -- and they were concerned what the purse
25 was. So Scott answered that, so it would be \$100,000.

1 Would that -- and that would be a betting race
2 then? Because --

3 CHAIRMAN WINNER: Yeah.

4 MR. HAIRE: Okay. And also they were concerned,
5 as Madeline addressed, would there be another race added
6 that day for the thoroughbreds? So --

7 CHAIRMAN WINNER: I assume the jockeys are pleased
8 with the \$75,000 to the fund?

9 MR. HAIRE: Yeah. That's greatly appreciated.

10 CHAIRMAN WINNER: Right.

11 MR. HAIRE: Thank you.

12 CHAIRMAN WINNER: Thank you, Darrell.

13 Is it Kirk?

14 MR. GOODRICH: Cliff Goodrich.

15 CHAIRMAN WINNER: Oh, Cliff, I didn't -- I'm
16 sorry, wait. Let me -- let me take it in order. Cliff
17 Goodrich. I don't have a card for Cliff.

18 MR. GOODRICH: Thank you, Mr. Chairman,
19 Commissioners. Cliff Goodrich speaking on behalf of the
20 California Thoroughbred Horsemen's Foundation.

21 First of all, we have no problem at all with this
22 proposal. Let me make that clear. But I just want to get
23 my oar in the water.

24 As most of you know, 75 percent of our income is
25 dependent upon outs from live races and from a small slice

1 of ADW. As I understand the bill, and I'm sure Scott can
2 confirm, this clearly indicates that any wager on these
3 Arabians, the calculations will be counted as if it is a
4 thoroughbred race. And even though one race or six races
5 are clearly not going to make or break us, as a precedent
6 that's very important to us because, for understandable
7 reasons, as these new pieces of legislation come along
8 sometimes we get forgotten because we're such a small piece
9 of the action and we'll be working with the tracks and the
10 horsemen on other things that surface, one that has already
11 surfaced.

12 And I just want to go on record that I understand
13 it's calculated as a thoroughbred race. Even if it weren't
14 in this case we wouldn't have a problem. But long term as a
15 precedent setting item those outs are very important to us.
16 Thank you.

17 CHAIRMAN WINNER: Any questions for Mr. Goodrich?

18 Thanks, Cliff.

19 Okay, Nick.

20 MR. COUKOS: Nick Coukos, TOC. Thank you very
21 much for allowing me to speak today. I guess I didn't
22 understand the protocol so I didn't fill out the card.

23 CHAIRMAN WINNER: That's okay.

24 MR. COUKOS: But I will next time.

25 CHAIRMAN WINNER: From now on you will.

1 MR. COUKOS: Just on this issue alone, and I want
2 to thank Commissioner Auerbach for bringing this up, it's
3 very clear from the TOC perspective that this race is not
4 going to replace the thoroughbred race. As a matter of
5 fact, we've got a contractual agreement with Santa Anita
6 that will not allow them to replace a thoroughbred race. So
7 if the race will be run on April the 2nd we expect nine
8 thoroughbred races that day, so this would be a tenth race.
9 If this is not a tenth race, then we would have an objection
10 to it. Thank you.

11 CHAIRMAN WINNER: Thank you, Nick.

12 COMMISSIONER KRIKORIAN: I have a question.

13 CHAIRMAN WINNER: Please come back, Nick.

14 COMMISSIONER KRIKORIAN: Would you still have an
15 objection if it was -- if it was run as -- if that race that
16 was substituted, that was lost that day was run later in the
17 same week?

18 MR. COUKOS: We would because there is a
19 significant difference in running a thoroughbred race on a
20 Thursday versus a Saturday. The purse contribution is very,
21 very different. So we want to make sure that we don't run
22 nine races on a Saturday and run nine races on a Thursday
23 because the -- because the money doesn't make any sense to
24 us. So we want to make sure that we run nine thoroughbred
25 races. Our preference would be either the race would be the

1 first race of the card, which would be an early race,
2 perhaps a 12 o'clock post time, or the last race of the card
3 to make sure that we don't have any issues with sunsetting.

4 COMMISSIONER KRIKORIAN: Okay. That's a fair
5 point. Thank you.

6 COMMISSIONER BENETO: What if -- what if you can't
7 fill a race on Saturday? What if you can't fill nine --
8 nine thoroughbreds, what are you going to?

9 MR. COUKOS: Then you better find another racing
10 secretary.

11 COMMISSIONER AUERBACH: Thank you. Thank you,
12 Nick.

13 CHAIRMAN WINNER: Good answer, Nick.

14 MR. COUKOS: Thank you.

15 CHAIRMAN WINNER: Are there any other questions
16 for Nick?

17 COMMISSIONER AUERBACH: Good answer.

18 CHAIRMAN WINNER: Are there any -- is there any
19 further discussion on the Board? This is a matter for
20 action.

21 I think, Bob, that we could -- could we move
22 with -- with certain conditions on this?

23 MR. MILLER: Robert Miller, Counsel to the
24 California Horse Racing Board.

25 Yes, you can move, contingent upon the passing of

1 the legislation.

2 CHAIRMAN WINNER: It could be contingent upon the
3 passing of the legislation, and contingent on an agreement
4 that there will be no thoroughbred races lost on the day of
5 the race. Could we do that?

6 MR. MILLER: Absolutely.

7 CHAIRMAN WINNER: Okay. Is there a motion?

8 COMMISSIONER AUERBACH: I will make it.

9 CHAIRMAN WINNER: You want to -- you want to state
10 it the way you want to say it?

11 COMMISSIONER AUERBACH: Oh, wow. Help me with
12 this. Let's see, how do we want to say this? However we
13 have it here with the condition that we do not lose a racing
14 opportunity on that day for our thoroughbreds. I don't know
15 how to -- how you want to say this. How do you want to say
16 it?

17 EXECUTIVE DIRECTOR BAEDEKER: I think,
18 Commissioner, the simple clause, conditioned upon the
19 passage of AB 558 --

20 COMMISSIONER AUERBACH: And, comma --

21 EXECUTIVE DIRECTOR BAEDEKER: Yes.

22 COMMISSIONER AUERBACH: Plus --

23 CHAIRMAN WINNER: And that no thoroughbred races
24 will be lost during the day of the Arabian race.

25 COMMISSIONER KRIKORIAN: Can I make a

1 recommendation --

2 CHAIRMAN WINNER: Yes, please.

3 COMMISSIONER KRIKORIAN: -- that you use the
4 language that Nick proposed?

5 COMMISSIONER AUERBACH: Which was? What was it?

6 COMMISSIONER KRIKORIAN: Which was that there's no
7 race loss and it's either the first race or the last race.

8 COMMISSIONER AUERBACH: Well, I know we would want
9 it to be the first or last race. That may affect their
10 ability to get it done, is what I'm concerned with.

11 COMMISSIONER KRIKORIAN: Well, they have a
12 contract. And they're saying that they won't --

13 COMMISSIONER AUERBACH: I know.

14 COMMISSIONER KRIKORIAN: -- they won't support it.
15 So how do you want to deal with it?

16 COMMISSIONER AUERBACH: I don't know.

17 VICE CHAIR ROSENBERG: If we change the --

18 CHAIRMAN WINNER: Yeah. That's a very good
19 question.

20 COMMISSIONER AUERBACH: I'd like to give them a
21 little. He doesn't want to give him any wiggle room.

22 CHAIRMAN WINNER: Scott --

23 COMMISSIONER AUERBACH: I'm want --

24 CHAIRMAN WINNER: -- could you come up just for a
25 second please?

1 COMMISSIONER AUERBACH: -- maybe a little wiggle
2 room.

3 CHAIRMAN WINNER: So the question is -- my
4 recollection from reading the legislation is it won't affect
5 it. But would this language affect the legislation? Did
6 the recommended language that Commissioner Auerbach and
7 Commissioner Krikorian are talking about, would that affect
8 the bill? I don't believe so but --

9 MR. DARUTY: We would have -- we would have a bill
10 which would authorize certain things. And then we would
11 have --

12 CHAIRMAN WINNER: But it -- it authorizes a
13 certain number of races. It doesn't -- it's not specific as
14 to this issue of replacing a thoroughbred race.

15 MR. DARUTY: But I believe the bill authorizes it
16 but we can only do it if you approve it.

17 CHAIRMAN WINNER: Right.

18 MR. DARUTY: And you're approving it subject to
19 these conditions.

20 CHAIRMAN WINNER: Right. So --

21 MR. DARUTY: So I think it all fits --

22 CHAIRMAN WINNER: So it would not affect the bill?

23 MR. DARUTY: I believe -- okay. Then, yes.

24 CHAIRMAN WINNER: Correct.

25 MR. DARUTY: If that's your question, I agree.

1 CHAIRMAN WINNER: Okay.

2 MR. DARUTY: Yes.

3 CHAIRMAN WINNER: Thank you. Okay.

4 EXECUTIVE DIRECTOR BAEDEKER: Robert Miller,
5 Counsel to the California Horse Racing Board.

6 To make the contingency about being the first or
7 the last race, I don't believe the -- that's -- the Board is
8 then micro managing the meet.

9 CHAIRMAN WINNER: Right.

10 COMMISSIONER AUERBACH: That should be up to the
11 TOC to do.

12 MR. MILLER: That's correct.

13 CHAIRMAN WINNER: Yeah. I don't think we can do
14 that.

15 COMMISSIONER AUERBACH: I just don't want to lose
16 a race.

17 MR. MILLER: And the track.

18 COMMISSIONER AUERBACH: Yeah.

19 CHAIRMAN WINNER: Yeah.

20 COMMISSIONER AUERBACH: I just don't want to lose
21 a race.

22 CHAIRMAN WINNER: I don't think we can do that.

23 MR. MILLER: No. No.

24 CHAIRMAN WINNER: If we can --

25 MR. MILLER: I would not do that.

1 CHAIRMAN WINNER: Right. But we can say --

2 MR. MILLER: I would advise you not to do that.

3 CHAIRMAN WINNER: -- contingent on not losing a
4 thoroughbred race during the day of the Arabian race?

5 MR. MILLER: That's correct.

6 CHAIRMAN WINNER: Okay. That's your motion;
7 correct, Commissioner Auerbach?

8 COMMISSIONER AUERBACH: Yes. That's -- that's the
9 way I want it.

10 CHAIRMAN WINNER: And did you second that,
11 Commissioner Krikorian, or not?

12 COMMISSIONER KRIKORIAN: Oh, well, no. But the --
13 but the issue is not trying to micro manage anything. It's
14 just that TOC made a statement saying they would not support
15 it unless it was the first race or the last race.

16 COMMISSIONER AUERBACH: Well, they can argue about
17 it when they do it.

18 COMMISSIONER KRIKORIAN: I know. But to try to
19 resolve it today I thought maybe you could get -- get an
20 agreement from TOC as to what they will do and what the
21 track will do, and then it doesn't have to be talked about
22 anymore.

23 CHAIRMAN WINNER: Nick?

24 MR. COUKOS: Nick Coukos, TOC. Thank you,
25 Commissioner Krikorian.

1 I don't think Santa Anita would even consider
2 running an Arabian race between -- between the card. It
3 just wouldn't make any sense. It wouldn't flow with any
4 Pick 3s or Pick 5s or Pick 6s. So I would hope that they
5 would show enough wisdom to either card this on the first
6 race or last race. I haven't had -- gone through the detail
7 with them on that. But I'm sure that Mr. Morris and myself
8 will be able to come to that appropriate conclusion.

9 COMMISSIONER KRIKORIAN: Okay. Good.

10 CHAIRMAN WINNER: Thank you. But this is really
11 between the TOC and the association?

12 MR. COUKOS: Correct.

13 COMMISSIONER AUERBACH: Yeah. That's the way I
14 look at it too.

15 CHAIRMAN WINNER: Okay. All right. There is a
16 motion. Any further discussion on the motion? I don't know
17 that we had a second.

18 Did you second it, Mr. Krikorian?

19 COMMISSIONER KRIKORIAN: Yes.

20 COMMISSIONER AUERBACH: Thank you.

21 CHAIRMAN WINNER: Commissioner Krikorian seconds
22 Commissioner Auerbach's motion. Any discussion?

23 Commissioner Krikorian, how do you vote?

24 COMMISSIONER KRIKORIAN: Yes.

25 CHAIRMAN WINNER: Commissioner Solis?

1 COMMISSIONER SOLIS: Yes.

2 CHAIRMAN WINNER: Commissioner Auerbach?

3 COMMISSIONER AUERBACH: Yes.

4 CHAIRMAN WINNER: The Chairman votes yes.

5 Vice Chairman?

6 VICE CHAIR ROSENBERG: Yes.

7 CHAIRMAN CHOPER: Yes.

8 CHAIRMAN WINNER: Commissioner Choper? Yes.

9 Commissioner Beneto? Yes.

10 That motion carries six to nothing. Thank you
11 very much.

12 You'll keep us informed with respect to the
13 legislation, Scott?

14 MR. DARUTY: Yes.

15 CHAIRMAN WINNER: Thank you.

16 Moving on then to Item Number 9, discussion and
17 action by the Board regarding the request for approval of
18 the continuation of the .50 percent distribution to the
19 Southern California Stabling and Vanning Fund from advance
20 deposit wagering hosted by thoroughbred racing associations
21 and racing fairs conducting racing in the Central and
22 Southern zones of the period commencing December 16th, 2015
23 through December 25th, 2016 as permitted under Business and
24 Professions Code section 19604(f)(5)(E).

25 Anyone speaking on that item? Is there any

1 discussion from the Board? Is there a motion?

2 COMMISSIONER BENETO: Make it.

3 CHAIRMAN WINNER: Commissioner Beneto moves.

4 CHAIRMAN CHOPER: Second.

5 CHAIRMAN WINNER: Commissioner Choper seconds.

6 Commissioner Krikorian, how do you vote?

7 COMMISSIONER KRIKORIAN: Just for clarification,
8 this is for -- just for the calendar -- for the one-year
9 period; right?

10 CHAIRMAN WINNER: Through -- it's actually a
11 little over a year, but it's the year -- the year of racing.

12 COMMISSIONER KRIKORIAN: Right. Okay. Then, yes.

13 CHAIRMAN WINNER: It's from the 16th to the 25th.

14 COMMISSIONER KRIKORIAN: Okay. Yes.

15 CHAIRMAN WINNER: Yes?

16 COMMISSIONER KRIKORIAN: Yes.

17 CHAIRMAN WINNER: Commissioner Solis?

18 COMMISSIONER SOLIS: Yes.

19 CHAIRMAN WINNER: Commissioner Auerbach?

20 COMMISSIONER AUERBACH: Yes.

21 CHAIRMAN WINNER: The Chairman votes yes.

22 Vice Chairman?

23 VICE CHAIR ROSENBERG: Yes.

24 CHAIRMAN CHOPER: Yes.

25 CHAIRMAN WINNER: Commissioner Choper? Yes.

1 COMMISSIONER BENETO: Yes.

2 CHAIRMAN WINNER: Commissioner Beneto? Yes.

3 That motion carries.

4 Moving on to Item Number 10, public hearing and
5 action by the Board regarding the proposed amendment to CHRB
6 Rule 1699, Riding Rules, as it pertains to the criteria for
7 disqualification in a horse race. This concludes the 45-day
8 public comment period. The Board may adopt the proposal as
9 presented.

10 Did I have any cards on Item 9 [sic]? I don't
11 think so.

12 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, this
13 has been an 18-month effort which has no come back before
14 you after the 45-day public comment period to make the
15 riding rule more specific with the goal of making the
16 judgments by the stewards more consistent throughout the
17 state.

18 And as the Stewards Committee is well aware,
19 Chairman Winner and Vice -- Vice Chair Rosenberg, we've had
20 lengthy discussions with all of the stewards and interested
21 parties about the proposed changes.

22 After this went to public comment we did receive a
23 letter, which is in your packet, from the stewards at Golden
24 Gate Fields, and Staff believes that their point is an
25 important one. And Staff is recommending that you consider

1 their change, which would be to eliminate the reference
2 to -- at the -- at the bottom of page 10-3 which states,
3 "according to the distribution of the purse or the order of
4 finish in the trial heat." The goal in putting that
5 language in was to avoid a literal interpretation of the
6 rule that said that any horse that was --

7 CHAIRMAN WINNER: Repeated or --

8 EXECUTIVE DIRECTOR BAEDEKER: -- yeah, what's
9 the --

10 VICE CHAIR ROSENBERG: Interfered with.

11 EXECUTIVE DIRECTOR BAEDEKER: -- yeah, lost an
12 opportunity for a better placing, if you -- if you just went
13 by the -- by the letter of the law, theoretically a horse
14 that interfered with one who finished eighth instead of
15 seventh should be disqualified because that horse finished
16 eighth instead of seventh. And obviously none of the
17 stewards in the state interpret the rule that way. So that
18 the goal in putting this reference in there to the -- to the
19 distribution of the purse was to simply make that more
20 obvious, I guess.

21 But the stewards up north point out that that in
22 turn could place a restriction on stewards that, as a matter
23 of fact, say that a horse, you know, caused a spill going
24 down the backstretch and, you know, they didn't want to get
25 caught in an argument about whether the horse that was

1 dropped, you know, might have finished in one of the purse
2 positions. And so the stewards are recommending that we
3 leave that portion of the rule the way it was, in other
4 words, not add that conditional language that refers to the
5 distribution of the purse.

6 The other change that was not submitted in writing
7 but was submitted by our Chief Steward Darrel McHargue was
8 the reference on page 10-4 in (f) talks about,

9 "When penalizing the jockey for riding contrary to
10 this rule the steward shall issue a greater penalty for,
11 one, more than one infraction of this rule by the jockey
12 within any contiguous 90-day calendar period."

13 After talking with other stewards, it's Chief
14 Steward McHargue's recommendation that that 90 days be
15 reduced to 60. And that would be consistent with other
16 policy, unofficial policy that -- that the stewards have
17 utilized. They think that that's -- it's important. But
18 they also think that 60 is more reasonable.

19 CHAIRMAN WINNER: Is that it?

20 EXECUTIVE DIRECTOR BAEDEKER: That's it.

21 CHAIRMAN WINNER: I have a couple of questions.

22 First of all, let me ask, Mr. Miller, if we change
23 the language, since this has gone out for 45 days, what
24 happens?

25 MR. MILLER: It goes up for another 45-day

1 comment.

2 EXECUTIVE DIRECTOR BAEDEKER: It may only go for
3 15; correct?

4 MS. WAGNER: Correct. Jackie Wagner, CHRB Staff.

5 We are going to try to get this to go out for 15
6 days instead of the 45. We're going to speak with the
7 Office of Administrative Law to assure that this is -- can
8 be viewed as a non-substantive change. And if that is
9 granted, this will be a 15-day period.

10 CHAIRMAN WINNER: It's non-substantive with the
11 change that's being recommended?

12 MS. WAGNER: We have to get the approval.

13 CHAIRMAN WINNER: It sounds substantive to me.

14 CHAIRMAN CHOPER: I hope that if they don't agree
15 it won't start the 45 days running again.

16 MS. WAGNER: If they do --

17 CHAIRMAN WINNER: It will.

18 MS. WAGNER: If they do not agree --

19 CHAIRMAN WINNER: It will.

20 MS. WAGNER: -- it will have to go out for 45
21 days.

22 CHAIRMAN CHOPER: Even -- no, no, no. But it will
23 go out for 45 days from before we consulted them, I hope.

24 MR. MILLER: No.

25 MS. WAGNER: No.

1 CHAIRMAN CHOPER: Why not?

2 MS. WAGNER: No.

3 MR. MILLER: Because you're -- you're trying to
4 get a 15-day period, it gets rejected --

5 CHAIRMAN WINNER: Yeah.

6 MR. MILLER: -- there's no 45 days that's started.

7 CHAIRMAN CHOPER: The 45 days is when we put in a
8 request to reduce the 45 to 15; right? They say, no, you
9 can't, we say, okay, we'll take it with the original 45.
10 Let's not start the clock running again, for Christ's sake.

11 MS. WAGNER: We will have to start the clock
12 running again because we're making changes.

13 MR. MILLER: Well, you can -- what about doing
14 two, stopping it non-substantive and then --

15 CHAIRMAN CHOPER: Whatever it is.

16 MS. WAGNER: Just to make it clear, Staff --

17 MR. MILLER: It's a roll of the dice.

18 MS. WAGNER: Yes. Yeah, it is a roll of the dice.
19 But Staff is going to do everything it can to make sure
20 that -- see that we can get a clearance for this to go out
21 for 15 days.

22 MR. MILLER: And, Commissioners, this is -- this
23 has been a long time in the making, as I said, 18 months.
24 And it's one of our most significant rules on -- in the
25 book. And so, you know, I think -- I think Staff believes

1 that rather than have you feel rushed to approve it because
2 it's taken so long, we ought to just make sure that you're
3 confident that we're getting it right.

4 CHAIRMAN WINNER: Okay. Given that, I have a
5 question that I'd like to ask of Commissioner Solis, and
6 possibly Mr. Haire, and that is Item D that says, "A jockey
7 shall not" the word was "willfully strike or strike at
8 another horse or jockey so as to impede, interfere with,
9 intimidate or injure." The word "willfully" has been
10 stricken. I just want to make sure from the jockeys that
11 they're okay with that, that if -- if a jockey accidentally,
12 for one reason or another, while striking his horse happens
13 to strike another horse or a jockey, not willfully, A, does
14 that happen and, B, are you comfortable with striking the
15 word "willfully?"

16 VICE CHAIR ROSENBERG: That's -- that was in the
17 law before, Chuck.

18 COMMISSIONER SOLIS: Yeah, I'm comfortable with it
19 the way --

20 VICE CHAIR ROSENBERG: That's in the existing law.

21 CHAIRMAN WINNER: No. It's -- we're striking the
22 word willfully.

23 VICE CHAIR ROSENBERG: But that's --

24 COMMISSIONER SOLIS: I think -- I think we're all
25 comfortable with the way it is --

1 CHAIRMAN WINNER: Okay.

2 COMMISSIONER SOLIS: -- really.

3 CHAIRMAN WINNER: What the way -- with striking
4 the word "willfully?"

5 COMMISSIONER SOLIS: Yeah, strike.

6 CHAIRMAN WINNER: Okay. You're okay with that?

7 COMMISSIONER SOLIS: Yes.

8 CHAIRMAN WINNER: Darrell?

9 MR. HAIRE: Darrell Haire, Manager of Jockeys'
10 Guild.

11 So to clarify it, if a jockey accidentally hits
12 another horse, the way it is now he -- if he -- even though
13 it's accidentally and he hits the horse over the heard, that
14 horse would be -- he would be disqualified if he finished
15 ahead of that horse?

16 CHAIRMAN WINNER: Under the new -- under the way
17 it is currently being written --

18 VICE CHAIR ROSENBERG: I don't see the word --
19 excuse me. My copy does not show "willfully struck"
20 stricken.

21 CHAIRMAN WINNER: Where?

22 VICE CHAIR ROSENBERG: On page 10-4.

23 EXECUTIVE DIRECTOR BAEDEKER: 10-4?

24 VICE CHAIR ROSENBERG: On PG&E 10-4.

25 CHAIRMAN WINNER: It does show "willfully

1 stricken."

2 CHAIRMAN CHOPER: Which? Is it C, D? Which one?
3 There's two -- two of them.

4 VICE CHAIR ROSENBERG: Oh, I'm looking at C. I'm
5 sorry.

6 MS. WAGNER: "Willfully," yeah.

7 VICE CHAIR ROSENBERG: Yeah, I'm on C.

8 CHAIRMAN WINNER: Here, D.

9 VICE CHAIR ROSENBERG: You're on D.

10 CHAIRMAN WINNER: Yeah, D.

11 VICE CHAIR ROSENBERG: Okay.

12 EXECUTIVE DIRECTOR BAEDEKER: Commissioners I
13 might point out that if you look at that -- at that change
14 in the context of (f)(2) which talks about, "Any infraction
15 which in the opinion of the stewards jeopardize the safety
16 of another horse or jockey," if a jockey did just haul off
17 and belt another one, that obviously would jeopardize the
18 safety of that jockey and that would call for a greater
19 penalty.

20 CHAIRMAN WINNER: No. But that's -- my point is
21 the reverse of that. My point is if a jockey
22 unintentionally, while striking his own horse, happens to
23 strike the horse that's right next to it, then under --
24 under (d) there -- there becomes a real question as to
25 whether now that -- that horse is then disqualified because

1 the jockey unintentionally struck the horse next to it.

2 COMMISSIONER SOLIS: That happens all the time
3 because you're running such --

4 CHAIRMAN WINNER: That's my point. But under the
5 way this is now being written, that could cause that jockey
6 and horse to be disqualified.

7 MR. MILLER: But, Mr. Chairman --

8 COMMISSIONER SOLIS: But I agree. I agree.

9 CHAIRMAN WINNER: What I'm asking is --

10 COMMISSIONER SOLIS: I agree with that.

11 CHAIRMAN WINNER: -- you think they should be
12 disqualified?

13 COMMISSIONER SOLIS: They should be disqualified,
14 even as you mentioned, because there are many horses, they
15 come and they --

16 CHAIRMAN WINNER: Even if they didn't mean --

17 COMMISSIONER SOLIS: Even if you don't mean.

18 CHAIRMAN WINNER: Okay.

19 VICE CHAIR ROSENBERG: Okay.

20 CHAIRMAN WINNER: As long as you're comfortable
21 with that --

22 COMMISSIONER SOLIS: Okay.

23 CHAIRMAN WINNER: -- I'm comfortable with that.

24 MR. HAIRE: That's the way it is --

25 CHAIRMAN WINNER: I know. I know.

1 MR. HAIRE: -- in a lot of jurisdictions that I
2 know of.

3 COMMISSIONER SOLIS: That happens and --

4 CHAIRMAN WINNER: It becomes so subjective then.

5 Okay. Look, if you're comfortable with it --

6 COMMISSIONER SOLIS: Yeah.

7 CHAIRMAN WINNER: -- I am.

8 VICE CHAIR ROSENBERG: Can I ask the -- can I ask
9 the Executive Director --

10 MR. HAIRE: So -- and just to clarify with Darrell
11 McHargue with the 60 days, so does that mean if a rider gets
12 3 days, and because he got 3 days in that 60 year -- 60-day
13 period, would he automatically, the penalty or the
14 suspension be say to 5? Would that --

15 EXECUTIVE DIRECTOR BAEDEKER: Which is greater,
16 so --

17 MR. HAIRE: It would be greater.

18 EXECUTIVE DIRECTOR BAEDEKER: -- three could go to
19 four.

20 MR. HAIRE: Just -- so it automatically would be
21 greater, just because of that 60-day period?

22 EXECUTIVE DIRECTOR BAEDEKER: Right.

23 MR. HAIRE: Okay.

24 CHAIRMAN CHOPER: If you want to be picky about
25 it, if you look at -- at (e), the new (e) --

1 CHAIRMAN WINNER: Yeah.

2 CHAIRMAN CHOPER: -- "arise in a matter contrary
3 to this rule the mount may be disqualified" --

4 CHAIRMAN WINNER: Yes.

5 CHAIRMAN CHOPER: -- "and the jockey may be
6 suspended."

7 CHAIRMAN WINNER: Yes.

8 CHAIRMAN CHOPER: It doesn't say must be.

9 CHAIRMAN WINNER: Right.

10 CHAIRMAN CHOPER: So if you want your way out from
11 a very bad situation, you can try to rely on that.

12 VICE CHAIR ROSENBERG: Yeah.

13 CHAIRMAN WINNER: All right. So the -- the
14 question before us is -- I'm sorry, Commissioner Rosenberg.

15 VICE CHAIR ROSENBERG: I have a question. On the
16 page 10.4 --

17 CHAIRMAN WINNER: Yes.

18 VICE CHAIR ROSENBERG: -- at 10.7 and dash 7 has
19 the language that -- that deletes the words "according to
20 the distribution of the purse or the order of finish in a
21 trial heat;" right? We agree that that seems to be, to me,
22 makes sense?

23 EXECUTIVE DIRECTOR BAEDEKER: That is -- that
24 is -- that document was submitted by the stewards in the
25 north, along with our letters. So that's their proposal, as

1 I explained at the outset, to eliminate that final clause
2 beginning with "according." So that sentence would end at
3 "opportunity for a better placing," period.

4 VICE CHAIR ROSENBERG: So that would be a part of
5 our motion, correct --

6 EXECUTIVE DIRECTOR BAEDEKER: If so.

7 VICE CHAIR ROSENBERG: -- if we move to amend?

8 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

9 VICE CHAIR ROSENBERG: My question is: What about
10 the second issue with the 60 days versus 90 days?

11 EXECUTIVE DIRECTOR BAEDEKER: And that --

12 VICE CHAIR ROSENBERG: Where does that appear?

13 EXECUTIVE DIRECTOR BAEDEKER: That's on page 10-4.

14 VICE CHAIR ROSENBERG: Right.

15 EXECUTIVE DIRECTOR BAEDEKER: Right. Second line
16 from the bottom. Any -- right now it says, "Any contiguous
17 90-day calendar period." And if you -- if the -- if you so
18 choose, the motion would say "60-day calendar."

19 VICE CHAIR ROSENBERG: My only question was on 10-
20 7, which is the revised rule, in other words, that was --
21 they just covered the early parts of this section?

22 EXECUTIVE DIRECTOR BAEDEKER: That's right. You
23 probably should disregard 10-7 and --

24 VICE CHAIR ROSENBERG: Make an amendment. Yeah.
25 Yeah.

1 EXECUTIVE DIRECTOR BAEDEKER: -- and focus on --

2 VICE CHAIR ROSENBERG: Okay. Thank you.

3 COMMISSIONER KRIKORIAN: I have a question. Now
4 I'm confused on (d) and (e). Because (d) says very
5 specifically that if you -- if a jockey strikes another
6 horse that's it, he's penalized for that, whether it's
7 deliberate or accidentally. Then you go to the next slide,
8 I mean, it says, "If it arises in a manner contrary to this
9 rule," and I'm not -- "then the mount may be disqualified."

10 So does that supersede that -- does that supersede
11 what you're saying in (d)? Because (d) is saying --

12 EXECUTIVE DIRECTOR BAEDEKER: That's correct. So
13 (d) is just part of the rule. And (e) says if -- "If a
14 jockey rides contrary to the rule he may be disqualified."
15 In other words, if there was an inadvertent strike by one
16 jockey of another horse, that in the opinion of the
17 stewards, if you go back up to (d), did not impede,
18 interfere, intimidate or injure the other horse, there would
19 be no penalty. There would be no disqualification, nor
20 probably would there be any penalty imposed by the stewards
21 for careless riding; right?

22 So in other words, just like any other foul, I --
23 coming down the stretch I might impede another horse and be
24 disqualified. But the next day when the stewards bring me
25 in they don't give me a suspension for careless riding

1 because the horse bolted. It was outside of my control.

2 So the two are linked. You -- the action for --
3 in terms of careless riding the action is interpreted
4 according to the action taken by the jockey. Could the
5 jockey have prevented it or not? Does that make sense? I'm
6 not sure it did.

7 COMMISSIONER KRIKORIAN: So it's just not -- so
8 it's just not a black and white rule, is what you're saying?

9 MR. MILLER: That's right.

10 EXECUTIVE DIRECTOR BAEDEKER: Yeah. And that --

11 COMMISSIONER AUERBACH: Is there such a thing as a
12 black and white rule?

13 COMMISSIONER KRIKORIAN: Not here.

14 COMMISSIONER AUERBACH: Or anywhere?

15 CHAIRMAN CHOPER: Anytime you say "may" --

16 COMMISSIONER KRIKORIAN: Yeah.

17 CHAIRMAN CHOPER: -- it's not hard.

18 EXECUTIVE DIRECTOR BAEDEKER: And I think -- I
19 think, Commissioner, that the judges in the meetings, in the
20 Stewards Committee meetings were -- were careful to -- they
21 identified that as kind of a fine line.

22 COMMISSIONER KRIKORIAN: Right.

23 EXECUTIVE DIRECTOR BAEDEKER: They always wanted
24 to have -- retain the discretion to make -- to make that
25 judgment.

1 CHAIRMAN WINNER: Okay. So there are the two
2 issues. One is, assuming you agree with the rule in
3 general, one is to -- to strike that language that was
4 inserted that has to do with the order of finish. And
5 the other is to change 90 to 60 days.

6 Is there a motion?

7 COMMISSIONER AUERBACH: No. I have another -- I
8 have another issue.

9 CHAIRMAN WINNER: Okay. Commissioner Auerbach has
10 another issue.

11 COMMISSIONER AUERBACH: I have an issue with -- on
12 10-3(a).

13 CHAIRMAN WINNER: Hold on just a second.
14 Commissioner Auerbach has another question.

15 COMMISSIONER AUERBACH: On 10-3(a), "Interference
16 is defined as bumping, impeding, forcing or floating." Once
17 again I have a problem with forcing or floating because --
18 are we distinguishing between a foul and excellent race
19 riding? What are we doing here?

20 EXECUTIVE DIRECTOR BAEDEKER: That's up to the
21 judges to decide. If it caused -- if it -- if that forcing
22 or floating caused another horse the opportunity for a
23 better placing, then that is deemed to be interference. You
24 can -- you can imagine the extreme. I know what you're
25 talking about which is good race riding.

1 COMMISSIONER AUERBACH: Right.

2 EXECUTIVE DIRECTOR BAEDEKER: But the extreme
3 situation where it would be where the inside horse floats
4 the challenging horse on the outside through the final
5 16th --

6 COMMISSIONER AUERBACH: No. I --

7 EXECUTIVE DIRECTOR BAEDEKER: -- out 8 paths --

8 COMMISSIONER AUERBACH: I understand that. But
9 what I'm -- what my --

10 EXECUTIVE DIRECTOR BAEDEKER: But again it's in
11 the context of did it cause interference?

12 COMMISSIONER AUERBACH: Yeah. What my concern is,
13 as with this whole rule but specifically with this, is
14 sometimes floating is the most beautiful race riding you'll
15 ever see, really and truthfully. And when you put it like
16 this it would depend upon, I think, the mindset of the
17 stewards and what they're looking at. And I think sometimes
18 by trying to identify it so minutely I'm concerned that
19 we're going to cause more problems than we're going to
20 solve. That's my concern.

21 COMMISSIONER SOLIS: Don't the rules say that
22 you're supposed to stay in a straight line?

23 COMMISSIONER AUERBACH: Right.

24 COMMISSIONER SOLIS: But floating, now that's a
25 way of intimidating too. I mean --

1 VICE CHAIR ROSENBERG: It's covered -- it's
2 covered --

3 COMMISSIONER SOLIS: -- people don't go on the
4 freeway and take another car out because it's going to cause
5 a problem.

6 COMMISSIONER AUERBACH: Have you ever driven
7 behind me?

8 COMMISSIONER SOLIS: I don't know.

9 VICE CHAIR ROSENBERG: Madeline, I think --

10 COMMISSIONER SOLIS: But my point with --

11 VICE CHAIR ROSENBERG: I think you'll --

12 COMMISSIONER SOLIS: -- with the floating, I mean,
13 to me race riding is where you get a horse stuck on the
14 inside --

15 COMMISSIONER AUERBACH: Right.

16 COMMISSIONER SOLIS: -- and keep them in there.
17 That's, to me, that's race riding. To me if you push a
18 horse out, I have gone back to those barns where I push a
19 horse out and brush them, and you go back to the barn and
20 they're all cut up. To me that's not race riding, that's
21 careless. And floating to me is the same thing.

22 VICE CHAIR ROSENBERG: Yeah.

23 COMMISSIONER SOLIS: I mean, you can call it --

24 CHAIRMAN WINNER: I think that's the way the
25 stewards felt when they -- when they recommended this

1 language. They felt that floating is exactly what --

2 COMMISSIONER SOLIS: It's illegal.

3 CHAIRMAN WINNER: -- Commissioner Solis is saying.

4 COMMISSIONER SOLIS: I mean, it's, yeah, it helps
5 you to win races. Yes, I have done it. But at the same
6 time --

7 COMMISSIONER AUERBACH: You've done it, huh?

8 COMMISSIONER SOLIS: -- you're taking that horse
9 out, but that horse is going to the side. It's not going in
10 a straight line. If you go to the side it's changing a
11 different kind of stride, and that's where they can be hurt.

12 VICE CHAIR ROSENBERG: And, Madeline, to float is
13 not a penalty here. It's not interference. You have to
14 read of it which goes on to say, "or otherwise causing any
15 other horse to lose stride, ground, et cetera. So it's not
16 just the floating, it's the second part.

17 COMMISSIONER AUERBACH: I think my problem with
18 it, Richard, is the subjectiveness, which is --

19 VICE CHAIR ROSENBERG: Well, it's the system.

20 COMMISSIONER AUERBACH: -- in all rules.

21 VICE CHAIR ROSENBERG: Yeah.

22 COMMISSIONER AUERBACH: It's very difficult.

23 CHAIRMAN WINNER: Okay. Now what I'm going to do
24 is accept a motion for an amendment to revise -- we'll do it
25 this way, we'll take an amendment, if anyone wants to move,

1 to revise 10-4(f), the language from 60 days calendar period
2 to -- I'm sorry, from 90-day calendar period to 60-day
3 calendar period. Is there -- that's the McHargue
4 recommendation.

5 Is there a motion to change 90 to 60 in F -- (f)?

6 COMMISSIONER KRIKORIAN: Chair, I'll move.

7 CHAIRMAN WINNER: Commissioner Krikorian moves.

8 COMMISSIONER SOLIS: Second.

9 CHAIRMAN WINNER: Commissioner Solis seconds.

10 How do you vote, Mr. Beneto?

11 COMMISSIONER BENETO: Yes.

12 CHAIRMAN WINNER: Commissioner Choper?

13 CHAIRMAN CHOPER: Yes.

14 CHAIRMAN WINNER: Vice Chair Rosenberg?

15 VICE CHAIR ROSENBERG: Yes.

16 CHAIRMAN WINNER: Chairman votes yes.

17 Commissioner Auerbach?

18 COMMISSIONER AUERBACH: Yes.

19 CHAIRMAN WINNER: Commissioner Solis?

20 COMMISSIONER SOLIS: Yes.

21 CHAIRMAN WINNER: Commissioner Krikorian?

22 COMMISSIONER KRIKORIAN: Yes.

23 CHAIRMAN WINNER: Okay. That amendment carries.

24 Now the next amendment is to strike the language

25 in -- on 10-3(b), 1699(b), that following the, for a

1 better --

2 VICE CHAIR ROSENBERG: The word "placing."

3 CHAIRMAN WINNER: -- it's not -- it's for a
4 "better placing," after that striking the words "according
5 to the distribution of the purse or the order of finish in a
6 trial heat."

7 Is that correct, Mr. Baedeker?

8 EXECUTIVE DIRECTOR BAEDEKER: Yes.

9 CHAIRMAN WINNER: So the amendment would be to
10 strike the words "according to the distribution of the purse
11 or the order of finish in a trial heat."

12 Is there a motion to amend?

13 CHAIRMAN CHOPER: Moved.

14 CHAIRMAN WINNER: Commissioner Choper moves.

15 VICE CHAIR ROSENBERG: And I'll --

16 CHAIRMAN WINNER: Is there a second?

17 VICE CHAIR ROSENBERG: I'll second.

18 CHAIRMAN WINNER: Vice Chair Rosenberg seconds.

19 How do you vote, Commissioner Beneto?

20 COMMISSIONER BENETO: Yes.

21 CHAIRMAN WINNER: Yes.

22 Commissioner Choper?

23 CHAIRMAN CHOPER: Yes.

24 CHAIRMAN WINNER: Yes.

25 Vice Chair Rosenberg?

1 VICE CHAIR ROSENBERG: Yes.

2 CHAIRMAN WINNER: Chairman votes yes.

3 Commissioner Auerbach?

4 COMMISSIONER AUERBACH: Yes.

5 CHAIRMAN WINNER: Commissioner Solis?

6 COMMISSIONER SOLIS: Yes.

7 CHAIRMAN WINNER: Commissioner Krikorian?

8 COMMISSIONER KRIKORIAN: Yes.

9 CHAIRMAN WINNER: Okay. Now, is there a motion on

10 the measure as amended? Is there a motion to approve?

11 CHAIRMAN CHOPER: Moved.

12 CHAIRMAN WINNER: Commissioner Choper moves.

13 COMMISSIONER BENETO: Second.

14 CHAIRMAN WINNER: Commissioner Beneto seconds.

15 How do you vote, Commissioner Beneto?

16 COMMISSIONER BENETO: Yes.

17 CHAIRMAN CHOPER: Yes.

18 CHAIRMAN WINNER: Commissioner Choper votes yes.

19 Vice Chair Rosenberg?

20 VICE CHAIR ROSENBERG: Yes.

21 CHAIRMAN WINNER: Chairman votes yes.

22 Commissioner Auerbach?

23 COMMISSIONER AUERBACH: Yes.

24 CHAIRMAN WINNER: Commissioner Solis?

25 COMMISSIONER SOLIS: Yes.

1 CHAIRMAN WINNER: Commissioner Krikorian?

2 COMMISSIONER KRIKORIAN: Yes.

3 CHAIRMAN WINNER: The item passes by a unanimous
4 vote as amended. Thank you.

5 And, Jackie, you'll keep us informed with the
6 respect to the 45 days?

7 MS. WAGNER: Yes.

8 CHAIRMAN WINNER: Thank you very much.

9 Let's move on to the next item.

10 CHAIRMAN CHOPER: Can I ask a question --

11 CHAIRMAN WINNER: Yes, please.

12 CHAIRMAN CHOPER: -- one more time?

13 Counsel Miller?

14 MR. MILLER: Yes.

15 CHAIRMAN CHOPER: If we proposed a rule that says
16 that the Chairman shall ask for any objections and hearing
17 none the Chairman will say, "Then I assume that everyone
18 votes yes," and if there's no objection we're done?

19 CHAIRMAN WINNER: That's a question, Mr. Miller.

20 CHAIRMAN CHOPER: We do not --

21 MR. MILLER: No.

22 CHAIRMAN WINNER: Can we vote on that?

23 MR. MILLER: You have to have a roll call vote.

24 CHAIRMAN WINNER: Do we have to have a roll call
25 vote on that answer?

1 MR. MILLER: Not for me but --

2 CHAIRMAN WINNER: Go ahead. What's your answer?
3 I'm sorry, Bob.

4 MR. MILLER: Okay. You have to have a roll call
5 vote. You have to have a roll call vote. That's the law.

6 VICE CHAIR ROSENBERG: Who passed that law?

7 CHAIRMAN CHOPER: I guess it depends what you mean
8 by a roll call vote?

9 CHAIRMAN WINNER: Whose -- who put -- is that
10 legislation or that interpretation by the Agency?

11 MR. MILLER: That comes from the Attorney
12 General's Office --

13 CHAIRMAN WINNER: Oh, well, that explains it.

14 MR. MILLER: -- and the legislation.

15 CHAIRMAN WINNER: Okay. Next, Item Number 11, I
16 think we're on. Public hearing and action by the Board
17 regarding the proposed addition to CHRB Rule 1866.1,
18 Presence of Clenbuterol in Quarter Horses, and proposed
19 amendment to CHRB Rule 1844, Authorized Medication, to
20 prohibit the presence of clenbuterol in a quarter horse test
21 sample. This concludes the 45-day public comment period.
22 The Board may adopt the proposal as presented.

23 I think we had two letters on this one, did we
24 not --

25 MS. WAGNER: Yes.

1 EXECUTIVE DIRECTOR BAEDEKER: Yes.

2 CHAIRMAN WINNER: -- from Darrell Vienna and --
3 and Carlo Fisco, didn't we?

4 MR. MILLER: Yes.

5 CHAIRMAN WINNER: So I hope all the Commissioners
6 had a chance to read those letters.

7 And are you going to speak on this, Dr. Arthur?

8 EQUINE MEDICAL DIRECTOR ARTHUR: Dr. Arthur.

9 Actually, not. I was going to respond --

10 CHAIRMAN WINNER: You're not Dr. Arthur?

11 EQUINE MEDICAL DIRECTOR ARTHUR: No. I am Dr.
12 Arthur, but I'm not going to -- I was only going to answer
13 questions. If there's any questions relative to those
14 letters we will answer the content of those letters in
15 the -- when this is filed with the Office of Administrative
16 Law. So if anybody has any questions, I'm happy to answer
17 them here.

18 I would like to point out that both of these
19 letters come from counsel who have represented trainers who
20 have active litigation going on clenbuterol violations, so
21 they're hardly disinterested parties.

22 CHAIRMAN WINNER: Well, I don't think they
23 indicated they were --

24 VICE CHAIR ROSENBERG: Well, that's not fair.

25 CHAIRMAN WINNER: -- disinterested parties.

1 VICE CHAIR ROSENBERG: Yeah.

2 CHAIRMAN WINNER: But, okay, is there a motion?
3 Is there discussion?

4 VICE CHAIR ROSENBERG: I'm curious about one
5 thing. Maybe this is more of a legal question, but the
6 letter from -- let me see, the first letter was from --

7 CHAIRMAN WINNER: Darrell.

8 VICE CHAIR ROSENBERG: -- Darrell Vienna. And I
9 guess neither of them are here today. On page 11-12 it
10 says, "The CHRB has an obligation" --

11 CHAIRMAN WINNER: We do have a card.

12 VICE CHAIR ROSENBERG: -- at the bottom of page
13 11-12 where the word "consistency" is paragraph two, and
14 then,

15 "The CHRB has an obligation to ensure that the
16 regulations and conditions under which horses compete are
17 fairly and equally applied." The policies reflected in Rule
18 1844,"et cetera, which states that, "A temporary suspension
19 of the authorized administration of the medication may be
20 for a breed, provided that all horses in the same race
21 compete under the same condition."

22 This has to do with the mixture of thoroughbreds
23 and quarter horses; correct?

24 EQUINE MEDICAL DIRECTOR ARTHUR: That's correct.

25 VICE CHAIR ROSENBERG: So what -- what -- it made

1 sense to me, what it says, and I think they make the same
2 point.

3 EQUINE MEDICAL DIRECTOR ARTHUR: Last year, the
4 last time we looked at that, they actually have gone a year
5 without a mixed-breed race at Los Alamitos. It's something
6 that could be handled administratively very well, very
7 easily, I think. The -- but it is -- it's a rare event. I
8 can't remember how many mixed-breed races they ran last year
9 but it's a handful. And we can certainly require that all
10 horses run in each individual race under the same
11 conditions.

12 VICE CHAIR ROSENBERG: Does that mess up -- I
13 wonder if that messes up the race secretary at the race
14 track?

15 CHAIRMAN WINNER: Say it again?

16 VICE CHAIR ROSENBERG: I wonder whether that's --
17 you know, the track is happy with that in terms of writing
18 races. I mean, how many have been --

19 EQUINE MEDICAL DIRECTOR ARTHUR: The track -- the
20 track is very happy with the regulation that -- as it is
21 proposed here. It's been applied there very effectively for
22 the last almost eight months. This is an emergency
23 regulation. And both the track and the PCQHRA believe it's
24 been very effective.

25 CHAIRMAN WINNER: I think we have someone here.

1 Mr. Schiffer is here to speak.

2 MR. SCHIFFER: Good morning, Chairman Winner,
3 Members of the Board, Dan Schiffer appearing for Pacific
4 Coast Quarter Horse Racing -- Horse Racing Association which
5 represents both the owners and trainers at -- of quarter
6 horses at Los Alamitos.

7 And according to Dino Perez, the Manager of the
8 PCQHRA, any mixed races are run according to quarter horse
9 rules. And therefore any thoroughbreds in that race would
10 have to run under this proposed rule.

11 And just to short circuit my talk, I've -- I've
12 appeared on behalf of this organization on numerous
13 occasions before this Board. We have consistently backed
14 this proposal and the changes. We feel it's integral to the
15 integrity of quarter horse racing and to the benefit of our
16 constituents. Thank you.

17 CHAIRMAN WINNER: Thank you very much.

18 EQUINE MEDICAL DIRECTOR ARTHUR: And there is --

19 CHAIRMAN WINNER: Any other --

20 EQUINE MEDICAL DIRECTOR ARTHUR: There is an easy
21 solution. I think that we could address this by simply
22 asking the horsemen to request that any mixed-breed races,
23 that they suspend the authorization for clenbuterol in
24 mixed-breed races at Los Alamitos, and that would solve that
25 problem. You have the ability to do that under 1844.1.

1 CHAIRMAN WINNER: Any other questions? Any other
2 questions? Is there a motion? This has gone out for 45
3 days. We're now voting on the final vote. Is there a
4 motion?

5 COMMISSIONER AUERBACH: Moved.

6 CHAIRMAN WINNER: Commissioner Auerbach moves.

7 COMMISSIONER SOLIS: Second.

8 CHAIRMAN WINNER: Commissioner Solis seconds. Any
9 discussion?

10 Commissioner Krikorian?

11 COMMISSIONER KRIKORIAN: Yes.

12 CHAIRMAN WINNER: Commissioner Solis?

13 COMMISSIONER SOLIS: Yes.

14 CHAIRMAN WINNER: Commissioner Auerbach?

15 COMMISSIONER AUERBACH: Yes.

16 CHAIRMAN WINNER: Chairman votes yes.

17 Vice Chairman?

18 VICE CHAIR ROSENBERG: Yes.

19 CHAIRMAN WINNER: Vice Chairman Votes yes.

20 Commissioner Choper?

21 CHAIRMAN CHOPER: Yes.

22 COMMISSIONER BENETO: Yes.

23 CHAIRMAN WINNER: Commissioner Beneto votes yes.

24 It passes unanimously. Thank you.

25 Thank you, Mr. Arthur, thank you, Mr. Schiffer,

1 Dr. Arthur and Mr. Schiffer.

2 Moving on to Item Number 12, discussion by the
3 Board regarding the timely reporting of ticket details
4 associated with large winning tickets.

5 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, this
6 was very topical within the last couple of months. There
7 was a Pick 6 -- a single Pick 6 ticket here at Santa Anita,
8 the details of which were not available for, I think almost
9 two days. And this has been an ongoing problem. And it
10 creates uncertainty with players and a suspicion that
11 somebody is hiding something. That is a matter,
12 particularly because single interests both racetracks and
13 tote companies and ADW companies there is, frankly, a
14 paranoia among -- among players that what's going on here?
15 Why can't we know the details of these things?

16 CHAIRMAN CHOPER: That's right.

17 EXECUTIVE DIRECTOR BAEDEKER: And so in looking
18 into it, and we'll get the -- we'll get the -- we'll get the
19 facts here in a second, but looking into it we have found
20 that we can't get the detailed information because certain
21 entities don't want to provide it on a timely basis.

22 And so rather than have this Commission just be
23 frustrated that the problem isn't being fixed, we've
24 identified that the only -- the true action that this
25 Commission can take is with our licensees, and in this case

1 with the racing association that is licensed to operate a
2 race meet.

3 So if, as a matter of fact, this Board wanted to
4 take action, we are recommending that there be a provision
5 placed in the application to conduct a race meet that
6 requires that association to provide this information on a
7 timely basis. Now what that association then has to work
8 out with the tote company and with its simulcast partners is
9 up to them. But they will be required, if you think it's a
10 good idea obviously, to provide the information. And if
11 they don't then, you know, we, the California Horse Racing
12 Board, has a relationship with that licensee and we could
13 take action.

14 CHAIRMAN CHOPER: Rick, when you say the simulcast
15 outlets, did you say connected with it?

16 EXECUTIVE DIRECTOR BAEDEKER: Yeah. It's --
17 Commissioner, it's really -- it's actually the tote
18 companies that -- we have -- we have complete control --

19 CHAIRMAN CHOPER: How the simulcast -- simulcast
20 outlets that have nothing to do with anybody?

21 EXECUTIVE DIRECTOR BAEDEKER: Well --

22 CHAIRMAN CHOPER: Just an independent simulcast?
23 I ask the question because they continue, and I think with
24 fair reason, to complain that they get paid too little, that
25 the takeout is too little. And I wonder if they have to pay

1 for this too? And if so is it onerous?

2 EXECUTIVE DIRECTOR BAEDEKER: And we have Curtis
3 Linnell here from TRPB and he can -- he can explain it.

4 But, as a matter of fact, I think it's really a
5 tote company issue. That simulcast location, wherever it
6 is, is dealing with a tote hub that then is -- is
7 transferring the data to -- ultimately to AmTote here in
8 California. And so at these jumps where the information is
9 being transmitted there is -- there is a delay. And we're
10 talking about kind of closing that gap.

11 But, Curtis, why don't -- why don't you go ahead
12 and explain.

13 CHAIRMAN WINNER: Hold on. Hold on. Hold on just
14 one second. I'm sorry.

15 First of all, just to clarify, I'm not sure that
16 the concern that's expressed by the -- by the players is
17 paranoia. I think it's actually kind of a legitimate --

18 EXECUTIVE DIRECTOR BAEDEKER: Actually what?

19 CHAIRMAN WINNER: It's a legitimate concern and
20 question that's being raised.

21 So with that, I'll turn it over to Curtis Linnell
22 and Mike Marten to comment.

23 MR. LINNELL: Curtis Linnell, TRPB. Thank you
24 from the invitation.

25 Certainly, this issue when it came up about timely

1 identification of winning tickets was somewhat subsumed by a
2 larger project that we had where we wanted our host tracks,
3 and in California that's Santa Anita, Del Mar and Oak Tree,
4 to actually know about all ticket detail shortly after each
5 race closed. And we have done a multi-year project called
6 transaction capture.

7 And the good news is that we're coming to the
8 conclusion of the development of that project in which we're
9 upwards now, on Santa Anita for example, of 90 percent of
10 all ticket detail from all simulcast locations being
11 reported after the race within six to seven minutes. So
12 that information is databased. It doesn't go the tote
13 company. So if there's any concern about what the tote
14 company is doing, it actually goes to an independent
15 database from each simulcast location.

16 So if -- if it pleases the Chair, what I'll do is
17 just give a quick update --

18 CHAIRMAN WINNER: Please.

19 MR. LINNELL: -- of where we are in Santa Anita.

20 The tote security, what we wanted to do was not
21 just capture ticket details, but also the time of every
22 transaction that's captured so the host track and the horse
23 regulators actually have the full information of not just
24 what happens in the jurisdiction but outside the
25 jurisdiction immediately after the race.

1 So we capture, in this database, we capture the
2 time that the transaction was made at the simulcast
3 location, the amount, and exactly when that information was
4 transferred to the database. So we have a full record that
5 is query-able on a pool-by-pool basis. In the case of
6 tickets that are canceled, we've never been able to get that
7 information on a timely basis. We've had big changes in
8 odds because of win pool cancels. Now we're also -- we're
9 also capturing all cancel information.

10 So every -- every tote hub that is taking bets on
11 Santa Anita now immediately after a race close submits a
12 transaction file. That transaction file come so the TRPB
13 secure database. We place that in an information source
14 that is able to be queried against, again within five to six
15 minutes after a race. So it's not just winning tickets but
16 it's, in fact, all tickets.

17 The -- currently we're at 49 tote locations
18 betting on Santa Anita that encapsulates 157 retailers and
19 505 actual locations. In terms of exceptions, we're down to
20 the last 53 locations which we're bringing on stream. And
21 we should be, by the end of this month with those last ones
22 on stream, upwards over 98 percent of all ticket detail.
23 There is a few foreign locations. I'll mention the -- our
24 friends at Arima Race Club in Trinidad and Tobago that have
25 to go through a tote upgrade in order to provide this. And

1 there's some lowest common denominator things that are going
2 on to do that, but we're confident that we'll have
3 approaching 100 percent by the end of the next month.

4 CHAIRMAN CHOPER: What is the cost of that
5 upgrade?

6 MR. LINNELL: I'm not sure about the cost of the
7 upgrade because that's --

8 CHAIRMAN CHOPER: Believe me, I don't know exact.

9 MR. LINNELL: -- because that's -- that's between
10 -- that's between Arima and their tote company which is
11 AmTote, which supplies them their information.

12 But we've had every tote system, with one
13 exception, in North America who has went through that
14 upgrade. We have had the Sportech German tote that is fully
15 capable and upgraded. We've had the two totes in the Isle
16 of Man that have upgraded. We have all the Canadian systems
17 that are on par. So there's widespread compliance.
18 Starting next month United Tote is installing a system in
19 Panama that will also be compliant.

20 So we're -- again, this has been a multi-year
21 project. And I've come to this Board many times with
22 updates which has cost a lot of money. But in terms of
23 Santa Anita, we're getting to the conclusion of that.

24 Back to your point, Commissioner Choper, instead
25 of a cost to the simulcast location the actual cost is to

1 the host track. We have a nominal fee based on race day and
2 roughly on handle. I'll just throw that out right now.
3 Golden Gate's cost would be \$110 a race day. Again, it's a
4 nominal charge. CARF, which we have an agreement for, for
5 this upcoming year, is \$75.00 a day. So it's a very nominal
6 charge that we can use to offset the cost of databasing this
7 information. And, of course, currently we're on board with
8 Oak Tree, Santa Anita and Del Mar.

9 CHAIRMAN CHOPER: How about Los Al?

10 MR. LINNELL: Not yet.

11 MR. MARTEN: Let me just interject a couple
12 things.

13 One is, Jesse, the numbers you were hearing two
14 years ago about cost were for a different program. There
15 was a much more comprehensive program. TRPB has backed off
16 of some of those elements. And that's why the numbers he's
17 mentioning now are much less expensive and shouldn't be any
18 problem for any -- any association. Okay.

19 Secondly, Curtis keeps changing the numbers, which
20 is a good thing in terms of level of -- not the business
21 numbers but in terms of compliance numbers.

22 CHAIRMAN CHOPER: Yeah.

23 MR. MARTEN: When we started this conversation
24 about putting it on the agenda and everything the number was
25 70 percent. The last time we spoke with him it was 75

1 percent. And today he's saying it's 90 percent. People are
2 coming online without the Board doing anything.

3 And now the question to Curtis is, is he really
4 anticipating 100 percent, even without the Board changing
5 the rules or the application process, is it really
6 necessary?

7 MR. LINNELL: Well, I don't think that's -- that's
8 a question for me in terms of what the Board chooses to do.
9 There's always going to be an incentive for a racetrack to
10 take a location because of an economic benefit that doesn't
11 comply with certain rules, and that's -- that's just the
12 nature of the game.

13 But, I mean, we have -- again, Santa Anita has
14 been very supportive of this project, as has Del Mar and Oak
15 Tree and the rest of our membership. So we've really
16 pressed this a long way. Santa Anita leads the country
17 right now, in fact, Mike mentioned over 90 percent. We took
18 a spot audit of some pools a week ago Friday -- or sorry,
19 last Friday, just this past Friday at Santa Anita and
20 actually had a number of pools that were at 95 percent, so
21 we're almost there.

22 The concern, obviously, we have not all racing
23 associations in California are TRA members which have
24 supported this to the tune of, I'll say \$1.6 million by the
25 time we finish and roll this out. So that's a concern.

1 They're not all contracted. I mentioned we of have an
2 agreement with CARF right now, so they're in place. There's
3 a few -- Los Alamitos we don't, and Cal Expo we don't yet.
4 But -- so there is a nominal charge to those racing
5 associations. So in terms of whether to make that a
6 requirement, we're almost there. Certainly to keep it at
7 100 percent level I think may require a rule change, but
8 that's certainly for the Board to decide.

9 EXECUTIVE DIRECTOR BAEDEKER: Oh, I'm sorry.

10 CHAIRMAN WINNER: Commissioner Choper, go ahead.

11 CHAIRMAN CHOPER: Within a realistic period of
12 time --

13 MR. LINNELL: Uh-huh.

14 CHAIRMAN CHOPER: -- let's say the next 18 months,
15 what do you think the lowest number of minutes you can get
16 this down to?

17 MR. LINNELL: That's --

18 CHAIRMAN CHOPER: That is, I'm sitting at some
19 racetrack and you see what happens on the board, right, and
20 you say what happened? I go up to the information window,
21 whoever you go up to, and you say, you know, who won this
22 thing --

23 MR. LINNELL: Uh-huh.

24 CHAIRMAN CHOPER: -- or something like that? I
25 mean, I don't --

1 MR. LINNELL: And that -- logistically, that's an
2 excellent question. And I said we're down to a matter of
3 single minutes right now --

4 CHAIRMAN CHOPER: Yes.

5 MR. LINNELL: -- after getting all the locations
6 in. We're constantly working on improving the architecture
7 to shorten that time period.

8 There is physically just a matter of time to take
9 millions of dollars of ticket detail that we've never had
10 before because, of course, totes transfer in terms of pool
11 detail much less information. But in order to database
12 millions of dollars of tickets in a typical race --

13 CHAIRMAN CHOPER: I understand.

14 MR. LINNELL: -- just takes some time --

15 CHAIRMAN CHOPER: I understand.

16 MR. LINNELL: -- and then the ability to query
17 that information. So our goal is to get that within four
18 minutes of pool closure. That --

19 CHAIRMAN CHOPER: Four minutes of pool closure?

20 MR. LINNELL: That would cut the time we have
21 right now we have in about half. We think that's a
22 realistic goal. And we're planning to have that in place by
23 the end of the year.

24 CHAIRMAN CHOPER: You can respond to questions
25 within four minutes of the time the pool is closed?

1 CHAIRMAN WINNER: Not yet.

2 CHAIRMAN CHOPER: I understand.

3 MR. LINNELL: Well --

4 CHAIRMAN CHOPER: No, no. That --

5 MR. LINNELL: -- and there's a whole rollout
6 period of being able to query that information, get the
7 information for the question and answer it.

8 CHAIRMAN CHOPER: I understand.

9 MR. LINNELL: But from pool closure, that
10 information would be available within four minutes.

11 CHAIRMAN CHOPER: Available to?

12 MR. LINNELL: Currently the information is
13 available to the host association, so the mutuel manager and
14 his or her staff, and also to the regulator, the CHRB
15 auditor or anyone the CHRB has --

16 CHAIRMAN CHOPER: So if they wanted to --

17 MR. LINNELL: -- or TRPB.

18 CHAIRMAN CHOPER: -- publicly announce the -- the
19 answer to a reasonable question --

20 MR. LINNELL: Uh-huh.

21 CHAIRMAN CHOPER: -- in respect to this, you think
22 you can get -- you're hoping, you're gaming to cut it down
23 to four minutes?

24 MR. LINNELL: That's our goal, to benchmark at
25 four minutes.

1 CHAIRMAN CHOPER: Well, that's very good. I mean,
2 that --

3 MR. LINNELL: And let me mention, that's in
4 single-race pools. In something like a Pick 6 --

5 CHAIRMAN CHOPER: Yes.

6 MR. LINNELL: -- or a Pick 5 or Pick 4 --

7 CHAIRMAN CHOPER: More complicated, huh?

8 MR. LINNELL: -- less complicated --

9 CHAIRMAN CHOPER: Oh, less complicated?

10 MR. LINNELL: -- because that information is
11 actually available on the race that the pool closes. So
12 that is -- for a Pick 6 or Pick 5 --

13 CHAIRMAN CHOPER: Yeah.

14 MR. LINNELL: -- that ticket detail --

15 CHAIRMAN CHOPER: For a trifecta?

16 MR. LINNELL: -- is available hours prior to the
17 final leg --

18 CHAIRMAN CHOPER: Oh, the Pick 6 --

19 MR. LINNELL: -- of that pool.

20 CHAIRMAN CHOPER: -- but not --

21 MR. LINNELL: Exactly.

22 CHAIRMAN CHOPER: I see.

23 MR. LINNELL: A Pick 3 --

24 CHAIRMAN CHOPER: A multi-race --

25 MR. LINNELL: -- same thing. Daily Double --

1 CHAIRMAN CHOPER: -- ticket, yeah.

2 MR. LINNELL: -- you'd have that information --

3 CHAIRMAN CHOPER: No, I understand.

4 MR. LINNELL: -- available 30 minutes ahead of
5 time.

6 CHAIRMAN CHOPER: Yeah. Yeah. Yeah. Yeah.
7 Yeah.

8 EXECUTIVE DIRECTOR BAEDEKER: So, Curtis --

9 MR. LINNELL: Right.

10 EXECUTIVE DIRECTOR BAEDEKER: -- with the recent
11 situation here where it took a day-and-a-half to get the
12 results, that seems to be a contradiction to the percentages
13 that you've just given. And, you know, and it -- is that
14 problem fixed? And why don't -- why don't you explain to
15 the -- to the Board what caused that delay?

16 MR. LINNELL: Well, that -- that delay was caused
17 by the host association not having ticket detail, not
18 knowing what the -- the Pick 6 tickets at all the various
19 location were comprised with. And then the information that
20 is transferred in ITSP between tote systems is pool
21 information and bet dollar amounts, so bet combinations, so
22 winning and losing bet combinations, much as you'd see in an
23 exacta matrix. That's the information that is scanned.

24 So what the host has is enough information to
25 price the bet, to say here is the price, here is the winning

1 combinations that we know from the races being won, and they
2 take progressive scans to know what tote location that
3 winning bet comes from, but they don't know what the ticket
4 composition is. By the time they ask for the ticket
5 composition, then the guest tote association had to ask the
6 pari-mutuel retailer who has their contract if they could
7 release that. The information went back. The pari-mutuel
8 retailer in a day or so said, yes, you can release that, and
9 that went back to the host association.

10 None of the other bets that that association had
11 made were released at that time. And that's when we got
12 involved and actually went through the same process manually
13 that we could have done automatically. And the ticket
14 detail for that particular Pick 6 from that particular
15 association ran upwards of 180 pages. And so that took us a
16 day-and-a-half just to go through the ticket detail in order
17 to filter that down for five-out-of-sixes, for near winners
18 and such. Again, that could have all happened within six to
19 seven minutes. After the close of the first leg, we would
20 have had that.

21 EXECUTIVE DIRECTOR BAEDEKER: Commissioners, let
22 me just kind of put this in context. What Staff is really
23 looking for is direction from you. We're suggesting that
24 because there is a disconnect here between California Horse
25 Racing Board and its licensee, which is the host, in this

1 case Santa Anita, there's a disconnect between this Board
2 and that guest host living somewhere else around the world.

3 We're wondering if it would be a good idea to
4 require the host, the CHRB licensee, to get this problem
5 fixed? And if, as a matter of fact, the problem isn't
6 fixed, then you can take action against the host if you so
7 choose, if it became a big deal and a big problem. Because
8 right now --

9 VICE CHAIR ROSENBERG: Do we license the host,
10 Rick?

11 EXECUTIVE DIRECTOR BAEDEKER: Yeah. You're
12 licensing Santa Anita.

13 CHAIRMAN WINNER: Santa Anita, the host track.

14 VICE CHAIR ROSENBERG: Yeah, I know. But the --
15 the ultimate -- the guest host, however you describe them, I
16 don't know if it's a retailer. I don't know what the
17 difference is. But by the way --

18 MR. LINNELL: Guest would be an adequate word.

19 EXECUTIVE DIRECTOR BAEDEKER: Well, we don't -- we
20 don't have --

21 VICE CHAIR ROSENBERG: We don't have --

22 EXECUTIVE DIRECTOR BAEDEKER: That's the point, we
23 don't have a direct connection.

24 CHAIRMAN WINNER: We license the association.

25 VICE CHAIR ROSENBERG: So you're suggesting we

1 could demand that the specific -- the originator of the
2 signal really, right; correct?

3 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

4 VICE CHAIR ROSENBERG: Santa --

5 EXECUTIVE DIRECTOR BAEDEKER: That's correct.

6 VICE CHAIR ROSENBERG: The host track --

7 EXECUTIVE DIRECTOR BAEDEKER: That's correct.

8 VICE CHAIR ROSENBERG: -- would be required --

9 EXECUTIVE DIRECTOR BAEDEKER: And really --

10 VICE CHAIR ROSENBERG: -- in the application?

11 EXECUTIVE DIRECTOR BAEDEKER: Really this applies
12 to the next agenda item too. It's --

13 COMMISSIONER KRIKORIAN: Curtis --

14 EXECUTIVE DIRECTOR BAEDEKER: You know, we've
15 had -- we've had discussions for a couple of years now
16 about, well, we're making progress and we have goals and we
17 think we're going to get there, and -- and in terms of the
18 next item, those discussions have been going on for 15
19 years.

20 So Staff is just wondering if -- if it would be a
21 good idea to include the requirement that these ticket
22 details be provided on a timely basis. And you can do what
23 you want with the odds. But it gives you the -- the tool,
24 if you want to use it, to take action against, in this case
25 it would have been the association, Santa Anita, to get the

1 problem fixed.

2 VICE CHAIR ROSENBERG: What would you do, fine
3 them?

4 EXECUTIVE DIRECTOR BAEDEKER: You could.

5 VICE CHAIR ROSENBERG: I mean, to me it's --

6 EXECUTIVE DIRECTOR BAEDEKER: Or you could cause
7 them to --

8 VICE CHAIR ROSENBERG: Yeah.

9 EXECUTIVE DIRECTOR BAEDEKER: If it was a small
10 location someplace that was refusing to play ball you could
11 say, well, you can't keep doing business with that -- with
12 that location. I'm not saying you have to, but at least it
13 will give you the ability to do something. Right now --

14 CHAIRMAN CHOPER: But you're suggesting --

15 VICE CHAIR ROSENBERG: But wouldn't -- but
16 wouldn't --

17 CHAIRMAN WINNER: Hold on. One at a time. Keep
18 going with your question.

19 VICE CHAIR ROSENBERG: How would you penalize?
20 It's not really within their control because all this
21 technology which is detailed, it seems to me there's plenty
22 of excuses why you wouldn't ultimately find the host track.
23 You'd have somebody out there who's not complying to them.
24 I mean, it would be nice. It sounds like it's more of --

25 CHAIRMAN WINNER: Well, but --

1 VICE CHAIR ROSENBERG: -- overregulating, to me,
2 to go through that.

3 CHAIRMAN WINNER: Well, the -- I think the
4 question or the point that Rick is making, as I understand
5 it, is if you didn't penalize them you could ask them to
6 discontinue operating with that non-cooperating hub.

7 VICE CHAIR ROSENBERG: Which they might not want
8 to do because --

9 CHAIRMAN WINNER: Yeah, they might not.

10 VICE CHAIR ROSENBERG: -- as was pointed out,
11 because --

12 COMMISSIONER KRIKORIAN: I have a question.
13 What --

14 VICE CHAIR ROSENBERG: -- they've got a lot of
15 money.

16 CHAIRMAN WINNER: You have a question?

17 COMMISSIONER KRIKORIAN: I have a question.

18 CHAIRMAN WINNER: Commissioner Krikorian, I think
19 Commissioner Choper had a question.

20 COMMISSIONER KRIKORIAN: Oh, I'm sorry.

21 CHAIRMAN WINNER: And then we'll come back --

22 COMMISSIONER KRIKORIAN: Go ahead.

23 CHAIRMAN WINNER: -- if it's okay. Go ahead.

24 CHAIRMAN CHOPER: I mean, the question is who do
25 you want to put the burden on here? Who's stuck with it if

1 there is an undue amount of time, whatever the time is? And
2 it's the same thing with the -- as you said, with the next
3 item on the agenda.

4 CHAIRMAN WINNER: I think the next -- personally,
5 I think the next item is even more important than this
6 one --

7 CHAIRMAN CHOPER: Yeah, even more, even more.

8 CHAIRMAN WINNER: -- because it affects the
9 players on a moment-to-moment basis.

10 CHAIRMAN CHOPER: That's right. And the question
11 is who do you want to stick with the responsibility?

12 CHAIRMAN WINNER: Right.

13 CHAIRMAN CHOPER: Do you want to -- if the race --
14 if you're sitting at Santa Anita and you're betting a race
15 in -- wherever it happens to be, in Canada or --

16 CHAIRMAN WINNER: Trinidad and Tobago.

17 CHAIRMAN CHOPER: Who? Tobago they have -- no,
18 no. They have --

19 MR. LINNELL: Yes, they do.

20 CHAIRMAN CHOPER: They don't have races there, do
21 they?

22 MR. LINNELL: Let me just --

23 CHAIRMAN CHOPER: I don't want to know. Never
24 mind.

25 MR. LINNELL: They do.

1 CHAIRMAN WINNER: They do?

2 MR. LINNELL: But this is -- this is for racing --

3 CHAIRMAN CHOPER: I don't know where Tobago is.

4 MR. LINNELL: -- in California. This is for
5 California --

6 CHAIRMAN WINNER: Right.

7 MR. LINNELL: -- host meets.

8 CHAIRMAN CHOPER: Yeah.

9 MR. LINNELL: We're not talking right now. We can
10 have that conversation, but we're not talking right now --

11 CHAIRMAN CHOPER: I understand. But the --

12 MR. LINNELL: -- on California betters on races
13 outside of California.

14 CHAIRMAN CHOPER: So we want to say --

15 CHAIRMAN WINNER: Right.

16 CHAIRMAN CHOPER: -- whether we want to put the
17 responsibility of the -- of the racetrack in Tobago, right,
18 onto the host track? I mean, that -- what you're saying,
19 who are we going to make responsible for this thing?

20 CHAIRMAN WINNER: Well, we can't -- we can't make
21 Trinidad and Tobago responsible.

22 CHAIRMAN CHOPER: Yeah. We -- yeah, but you're
23 going to make --

24 CHAIRMAN WINNER: We can only make the host track
25 responsible.

1 CHAIRMAN CHOPER: So if we can't do it, one choice
2 is to say, well, that's our tough luck. That's what the
3 problem is.

4 CHAIRMAN WINNER: That's one choice.

5 CHAIRMAN CHOPER: And let's hope we can go, you
6 know --

7 CHAIRMAN WINNER: And what -- but I think
8 what's --

9 CHAIRMAN CHOPER: -- tell someone to take a
10 contract out of on them or whatever it is.

11 CHAIRMAN WINNER: Well, I think what Staff is
12 recommending is that we do take some action with respect to
13 requiring the host track to take some --

14 CHAIRMAN CHOPER: Make someone responsible.

15 CHAIRMAN WINNER: -- yeah, to make someone
16 responsible.

17 CHAIRMAN CHOPER: And the other important thing is
18 that it be fair to do so. And I guess you say, look, they
19 would just disconnect from -- from Tobago if Tobago doesn't
20 cooperate; right?

21 CHAIRMAN WINNER: Or whomever.

22 MR. LINNELL: The host track, of course --

23 CHAIRMAN WINNER: Host track.

24 MR. LINNELL: -- has the legal responsibility to
25 price the races and to know the details of everything they

1 need to know around that race.

2 CHAIRMAN WINNER: Well, let me go to --

3 CHAIRMAN CHOPER: Well, I think we ought to
4 hear --

5 CHAIRMAN WINNER: -- Commissioner Krikorian.

6 CHAIRMAN CHOPER: We ought to hear from the --
7 from the tracks, from Santa Anita on this.

8 CHAIRMAN WINNER: Right.

9 CHAIRMAN CHOPER: Because is it fair? I mean,
10 does it work out?

11 CHAIRMAN WINNER: Yeah. I think I agree with you,
12 that we should hear from one or two of the tracks.

13 Let me first ask Commissioner Krikorian who had a
14 question.

15 COMMISSIONER KRIKORIAN: Well, the question I had
16 is what -- what cooperation and what tools would you need
17 that you don't now have, okay, that would give you the
18 information in four to six minutes, let's say that you're
19 talking about, from all of the, you know, from -- from all
20 of the locations that we're servicing?

21 MR. LINNELL: Right. To reduce the time from
22 right now taking eight minutes, seven to eight minutes down
23 to four minutes, which we're trying to benchmark, we are
24 getting all the information and we're getting it at the time
25 we need it, when the pool closes, from all the locations

1 that are participating. So there's nothing on the location
2 side.

3 Now it's working on the software architecture
4 internally on our co-location facility just to database and
5 turn that around quicker. And we've already started that
6 process.

7 COMMISSIONER KRIKORIAN: That's to take the
8 information and analyze it for whatever you're looking for?

9 MR. LINNELL: To make it available for query.

10 COMMISSIONER KRIKORIAN: Okay. So you're already
11 getting that now?

12 MR. LINNELL: Yes.

13 COMMISSIONER KRIKORIAN: So you're already getting
14 everybody's cooperation?

15 MR. LINNELL: Not everyone. Again, we're up to --

16 COMMISSIONER KRIKORIAN: That was my question.

17 Where -- what cooperation do you need to make this 100
18 percent effective or as close to 100 percent as you can get?

19 MR. LINNELL: Right. We're still outstanding on a
20 few locations. Again, some of those don't have the
21 necessary --

22 COMMISSIONER KRIKORIAN: Yeah.

23 MR. LINNELL: -- tote updates to be able to
24 participate. So that's the only technical hurdle that we
25 have now outside ourselves.

1 And those locations that -- that are not able to
2 provide you with the information, they're -- they all fall
3 under some host organization; correct?

4 MR. LINNELL: They do fall -- well, they're --
5 obviously, the hundreds of locations that take, for example,
6 Santa Anita, range from racetracks to OTBs to individual
7 independent locations in many countries. So, yes, they all
8 fall under an authority, per se. Some of those authorities
9 are merely a license issuing body, others are a full
10 regulatory commission.

11 COMMISSIONER KRIKORIAN: Well, do they -- do these
12 folks under the -- each location that's operating, do they
13 send the information directly to you or they're sending it
14 to the host?

15 MR. LINNELL: No, they send it to us.

16 COMMISSIONER KRIKORIAN: They send it you
17 directly?

18 MR. LINNELL: Correct.

19 COMMISSIONER KRIKORIAN: Okay. So they license
20 under the host?

21 MR. LINNELL: Each -- each licensee has a tote
22 company. And that tote company will send us that
23 information.

24 COMMISSIONER KRIKORIAN: Okay.

25 MR. LINNELL: Correct.

1 CHAIRMAN WINNER: What happens, say with Los
2 Alamitos which is not participant with you?

3 VICE CHAIR ROSENBERG: Why not?

4 MR. LINNELL: Well, with Los Alamitos we need to
5 have that conversation. We're in a position to provide that
6 if Los Alamitos so wants it. Again, we have a nominal fee
7 structure broken down. I'm not sure what Los Alamitos'
8 handle is. I'd need that information. But again, we have a
9 rate that we charge TRA locations, a nominal rate, based
10 on -- for average daily handle in exceed of \$5 million a day
11 a --

12 CHAIRMAN WINNER: But what -- no. What I'm
13 getting at is if Los Alamitos isn't a participant, how does
14 that affect anything that we suggest or recommend? If
15 they're a major player, how does that affect it --

16 MR. LINNELL: Los Alamitos --

17 CHAIRMAN WINNER: -- since they're not a
18 participant with you?

19 MR. LINNELL: Los Alamitos is a participant in
20 terms of sending us information --

21 CHAIRMAN WINNER: Yeah.

22 MR. LINNELL: -- for betting on Santa Anita.

23 CHAIRMAN WINNER: Right. I understand that.

24 MR. LINNELL: That -- that would be up to Los
25 Alamitos to have us under contract in order to provide that

1 service.

2 CHAIRMAN WINNER: Are there other fairs or
3 anything else in -- anybody else in our state in California
4 that is not --

5 VICE CHAIR ROSENBERG: Cal Expo.

6 MR. LINNELL: Cal Expo.

7 CHAIRMAN WINNER: Cal Expo?

8 MR. LINNELL: Yeah, Watch and Wager harness.

9 CHAIRMAN WINNER: Okay.

10 MR. LINNELL: And -- and we do have CARF under
11 contract.

12 CHAIRMAN WINNER: Let me do one thing here, just
13 because I think it would expedite the situation. I'm going
14 to combine 12 and 13, because Item 13 on the agenda is just
15 discussion by the Board regarding the posting of final odds
16 within a reasonable timeframe after the start of the race
17 which, as I said earlier, I think is even more important
18 than Item 12 in terms of the day-to-day, the moment-to-
19 moment players who -- who are impacted by this.

20 So you also gave us a card on this, Curtis. Do
21 you -- do you want to just quickly give us your thoughts
22 with respect to Item 13?

23 MR. LINNELL: Well -- Curtis Linnell, TRPB. Thank
24 you.

25 This is something Rick had mentioned, that the

1 industry and the CHRB and other groups have been dealing
2 with this for years and years and years, and so have we. We
3 have, I think, taken odds' cycles and odds' updates to --
4 really have made some progress on this in the past year. We
5 have lowered the -- with the tote companies and with the
6 racetracks working together we have lowered the frequency of
7 updates, cut that time in half. We're looking to cut that
8 again going into the race. We have a process right now in
9 which ten seconds after a race breaks all the locations that
10 have submitted finals, there is something called an almost
11 final or a forced cycle that is pushed to the host track
12 tote board.

13 And so shortly after ten seconds there can be a
14 set of odds that represent almost all the win pool that is
15 posted. Obviously, there's propagation delays when you go
16 to video systems and display systems. But there is a set of
17 odds that occur within ten seconds. After that ten seconds
18 the rest of the locations that aren't finalized come in and
19 become finalized. And then there's a final set of odds 20
20 to 25 to 30 seconds later.

21 We have talked to AmTote to put together a plan to
22 get the data on which locations are coming in before that
23 ten seconds that comprise that -- that set of odds, also
24 which locations, which tote sources are tardy and don't come
25 in within that period of ten seconds. And we'll take

1 that -- take that logistics' structure for that report to
2 find that information, get Santa Anita to approve, and
3 hopefully have that for the Board next month.

4 CHAIRMAN WINNER: Okay. Are there questions about
5 that item?

6 CHAIRMAN CHOPER: I guess my question is what is
7 the -- well, I'll ask you, what is the downside of let's say
8 you cut it down to seven seconds, right, let's just say
9 that, to say you don't open the gate for seven seconds and
10 adjust whatever you have to do in respect to that? So that
11 when you look up at the tote board you see the odds that
12 will show -- will be reflected in the payoff. Is my
13 question clear?

14 MR. LINNELL: Right. But you're playing that, of
15 course, in reverse. And the industry has debated --

16 CHAIRMAN CHOPER: Go ahead.

17 MR. LINNELL: -- for many, many years about --

18 CHAIRMAN CHOPER: Right.

19 MR. LINNELL: -- perhaps closing betting prior to
20 the race --

21 CHAIRMAN WINNER: Right.

22 CHAIRMAN CHOPER: Yeah.

23 MR. LINNELL: -- breaking from the gate.

24 CHAIRMAN WINNER: Because if the horse goes off at
25 three-to-one, you bet on a horse at three-to-one, the race

1 goes off, it's six-to-five --

2 MR. LINNELL: Right.

3 CHAIRMAN WINNER: -- you know, you get --

4 MR. LINNELL: The --

5 CHAIRMAN WINNER: -- you get angry.

6 CHAIRMAN CHOPER: That makes you feel bad if --

7 CHAIRMAN WINNER: Yeah, really bad --

8 MR. LINNELL: The --

9 CHAIRMAN WINNER: -- if you made the bet.

10 MR. LINNELL: The idea of --

11 CHAIRMAN WINNER: And you question it. You know,
12 it's one of the issues that causes people to be concerned
13 about what the hell is going on.

14 MR. MARTEN: Could I interject -- Mike Marten --
15 that the pressure to close the wagering before the start of
16 the race is greatly reduced in recent years and months
17 because of the progress that they've made in getting those
18 odds displayed more rapidly, such as the ten-second forced-
19 odds cycle, so that you're not seeing the dramatic odds
20 changes that you once did, not only in the tote process, but
21 also in the graphics presentations at the racetracks, on TVG
22 and all that. That was always a significant delay that
23 they've worked on.

24 Because it was the perception when the odds
25 changed on the TVG graphics 45 seconds after the start that

1 that money just came in. The odds on the tote board had
2 changed 30 seconds earlier. It just took TVG an extra 30
3 seconds to change the graphics on their running line. We
4 have greatly improved all that.

5 And due -- so for all these improvements, the
6 complaints are not nearly as great as they were in your
7 memory there. So there's not been a lot of call lately
8 to -- to shut down wagering before the start of the race.

9 CHAIRMAN WINNER: But maybe because we have less
10 fans because people are still less --

11 CHAIRMAN CHOPER: Yeah.

12 EXECUTIVE DIRECTOR BAEDEKER: Well, let me --

13 CHAIRMAN CHOPER: It's also true that you come to
14 accept it.

15 CHAIRMAN WINNER: Yeah.

16 CHAIRMAN CHOPER: And, I mean, I don't know.

17 Look, I don't think it's -- I get as annoyed as anybody when
18 that happens. Okay. But I don't think it's fixed, I know
19 what's happening. And I've just come to accept the fact
20 that it's too bad. You know, the --

21 MR. LINNELL: Right. And I don't think we've
22 accepted the fact that it's too bad. What we've accepted is
23 that we don't have frequent enough updates in order so when
24 the horses break from the gate there's not 55 seconds of win
25 money that still needs to be totaled, representing some 40

1 percent of the win pool that comes to reflect on the final
2 odds and have those things jump. So if we can take the
3 increments, as we've done, from 60 seconds down to 30
4 seconds, which is the case right now at Santa Anita, perhaps
5 we can take that down to 20 seconds or 10 seconds, in the
6 near future we're going to have very small increments in
7 which to total when the horses break from the gate. And
8 that's the solution, is to have extremely small
9 increments --

10 CHAIRMAN CHOPER: Yeah.

11 MR. LINNELL: -- of each time of the process. And
12 then take that forced odds cycle from ten seconds and now
13 push it, because it's much less money, down to perhaps five
14 seconds or even less.

15 CHAIRMAN WINNER: Right.

16 CHAIRMAN CHOPER: I don't know, if you're betting,
17 of course, on a computer or whatever you're doing, that's
18 one thing. If you go to the windows, I mean, it takes time.

19 MR. LINNELL: Uh-huh.

20 CHAIRMAN CHOPER: So I don't know that there's
21 anything you can do about it, unless arbitrarily cutting it
22 off, you know, even 15 seconds before.

23 MR. LINNELL: Well, you don't know when a race is
24 15 seconds before it's going to start.

25 COMMISSIONER AUERBACH: That's right.

1 MR. LINNELL: You only know the start of a race --

2 COMMISSIONER AUERBACH: Right.

3 MR. LINNELL: -- when it starts.

4 CHAIRMAN CHOPER: Well, you can close the -- you
5 can close the pari-mutuel.

6 COMMISSIONER AUERBACH: Yeah. But if you have --

7 MR. LINNELL: Well, you can close the --

8 COMMISSIONER AUERBACH: -- a big delay, Jesse --

9 CHAIRMAN WINNER: Hold on. One at -- one at a
10 time.

11 COMMISSIONER AUERBACH: -- then you don't get
12 handle.

13 CHAIRMAN WINNER: Go ahead. Go ahead,
14 Commissioner Auerbach.

15 COMMISSIONER AUERBACH: No. I was saying the
16 whole idea is not logical because you can -- if you think
17 you can close it off 5, 10, 15 seconds before and you have
18 any kind of delay, and this is horse racing, so you're
19 guaranteed to have something happen that you didn't
20 anticipate, then you arbitrarily cut your handle for no
21 reason. I mean, because if it's -- if, you know, if
22 something happens in the gate, if things are happening --

23 COMMISSIONER KRIKORIAN: Yeah.

24 COMMISSIONER AUERBACH: -- you still want people
25 to wager. It's, you know --

1 COMMISSIONER KRIKORIAN: You could have a horse
2 come out of the gate or --

3 COMMISSIONER AUERBACH: Yeah. And it happens all
4 the time. So cutting it off with so many seconds you can --

5 CHAIRMAN CHOPER: Well, I know. I just -- I
6 agree.

7 EXECUTIVE DIRECTOR BAEDEKER: That was what --

8 CHAIRMAN CHOPER: I agree.

9 EXECUTIVE DIRECTOR BAEDEKER: -- happened before.

10 COMMISSIONER AUERBACH: Yeah. You can't do that.

11 CHAIRMAN WINNER: Yeah. I mean, you're just --

12 EXECUTIVE DIRECTOR BAEDEKER: If the horse got
13 scratched --

14 CHAIRMAN WINNER: -- you're cutting handle.
15 You're just cutting the handle.

16 COMMISSIONER AUERBACH: You're cutting your
17 handle, correct.

18 CHAIRMAN WINNER: Right.

19 CHAIRMAN CHOPER: Well, we should just do the best
20 we can.

21 CHAIRMAN WINNER: Yeah.

22 CHAIRMAN CHOPER: That's all.

23 CHAIRMAN WINNER: And I think that's what they're
24 doing. And I frankly think I appreciate what you're doing
25 and the fact that --

1 MR. LINNELL: Thank you.

2 CHAIRMAN WINNER: -- we're getting there as
3 quickly as we can. It's, clearly, it's a problem. And
4 everybody's gone around and around, even before I got on the
5 Board --

6 COMMISSIONER AUERBACH: Yeah.

7 CHAIRMAN WINNER: -- on this issue, and probably
8 even before Commissioner Rosenberg and Choper got on the
9 Board, which was long before I did. I think this has been
10 discussed over and over again. I think you're -- you're
11 obviously doing the best you can, and that's something that
12 we all appreciate.

13 I'm not sure that there's any -- there's no action
14 on this item. It was for discussion only.

15 Did you want to say something, Mike?

16 MR. MARTEN: Yes. Again, striving to do the best
17 that we can, Curtis is going to come back with a report
18 that's going to show us with locations are habitually tardy.

19 CHAIRMAN WINNER: Okay. That would be helpful.

20 MR. MARTEN: And then it would be up to this Board
21 to decide whether you wanted to take an action similar to
22 what we discussed previously where --

23 CHAIRMAN WINNER: Yeah.

24 MR. MARTEN: -- you're really saying to the host
25 association don't accept wagers from that location.

1 CHAIRMAN WINNER: Well --

2 MR. MARTEN: So in both cases you're asking the
3 host association to not accept --

4 CHAIRMAN WINNER: Well, okay, but --

5 MR. MARTEN: -- wagers from locations, whether
6 it's for ticket detail or for laid --

7 CHAIRMAN WINNER: Yeah, I understand. It's -- I
8 think Commissioner Rosenberg raised the point of
9 overregulation. And I do think that there's -- there's one
10 thing to request the host association. It's another thing
11 to mandate it through -- through a license and, personally,
12 I'd be a little concerned about that. But we can discuss it
13 when you come back with that information, we can further
14 discuss the issue. Okay.

15 Is there any other discussion?

16 COMMISSIONER KRIKORIAN: Well, no, I would
17 agree -- I would agree that that's what we need to do, is to
18 understand more about what tools these folks have to work
19 with, you know, that they're selling the -- selling the
20 tickets so that we know what they -- if they're being
21 cooperative --

22 CHAIRMAN WINNER: Right.

23 COMMISSIONER KRIKORIAN: -- or they're being
24 challenged because they don't have the tools to work with
25 or, you know, or there's someone somewhere else down the

1 pipeline where there's a log jam.

2 CHAIRMAN WINNER: Right.

3 COMMISSIONER KRIKORIAN: So it's understanding all
4 that before you try to penalize anybody.

5 CHAIRMAN WINNER: Right. I agree, and that's why
6 I think we should wait until they come -- until Curtis comes
7 back with the added information that we're going to get
8 about the ones that are not cooperating and decide how that
9 impacts everything, and then what action we might want to
10 take with respect to the -- to the host association. Again,
11 it's a question of whether the associations choose to do
12 their job without us kind of prodding them to do it. Okay.

13 Thank you very much.

14 MR. LINNELL: Thank you.

15 CHAIRMAN WINNER: The next item is the report from
16 the Legislative, Legal and Regulations Committee. They had
17 a very interesting meeting, I think.

18 CHAIRMAN CHOPER: Well, Commissioner Rosenberg had
19 a roughly two-hour meeting yesterday on this which turned up
20 a lot of good information. We discussed three things, three
21 major issues. One was the pilot microchip program that
22 we're putting into effect in California over a period of
23 several years now in order to have rapid identification of
24 horses at any one time. As a matter of fact, now, as soon
25 as they go into the track they'll be subject to -- on the

1 grounds of the track they'll be subject to identification.

2 I can say overall that it's going very smoothly
3 toward a goal which all horses racing in the -- in the
4 United States are going to be microchipped by the beginning
5 of 2018.

6 I'll stop there on that issue, if anyone has any
7 questions?

8 CHAIRMAN WINNER: I think it's terrific.

9 CHAIRMAN CHOPER: But I would just say it's in
10 good hands and going very well.

11 I think the -- in many ways the most interesting
12 and controversial thing we talked about was match racing,
13 which we understand is going on at various farms, I guess
14 they are. You see some of the pictures, they're miniature
15 racetracks. And I guess it's particularly quarter horses
16 that are -- that are racing this way. And they obviously
17 don't check for drugs or for anything else that, you know,
18 we spend most of, I guess, most of our efforts on. And the
19 question is what you do about it, and I'll amplify a little
20 bit, but the bottom line is not much.

21 Why? Because as much as we'd like to it becomes a
22 very difficult matter, A, to get the people, a number of
23 whom are licensed here, jockeys, owners and so forth, that
24 if you could get -- get the reliable information enough to
25 penalize them, we certainly would, but that's very

1 difficult. They don't want to talk about it. It's
2 certainly not to their interest. And they try to cover up
3 as best they can that there's wagering that's going on
4 there. You know, they don't have pari-mutuel odds.

5 CHAIRMAN WINNER: Yeah. No. It's illegal.

6 VICE CHAIR ROSENBERG: Yeah.

7 CHAIRMAN WINNER: The whole thing is illegal.

8 VICE CHAIR ROSENBERG: Yeah.

9 CHAIRMAN WINNER: It's a question of whether the
10 Attorney General --

11 CHAIRMAN CHOPER: The whole thing is illegal.

12 CHAIRMAN WINNER: -- or the --

13 CHAIRMAN CHOPER: And it's also true that law
14 enforcement agencies who are needed to enforce it in terms
15 of it's a crime, they --

16 VICE CHAIR ROSENBERG: It's a misdemeanor.

17 CHAIRMAN WINNER: Yeah. It should be a felony.

18 CHAIRMAN CHOPER: -- it's not -- yes, it's only a
19 misdemeanor. If it were a felony it might help.

20 CHAIRMAN WINNER: I don't wonder --

21 CHAIRMAN CHOPER: My own experience would be
22 that -- well, not my experience, but knowing -- knowing the
23 way they operate is the D.A.s are going to say, well, we've
24 got bigger fish to fry. And felony or no felony we probably
25 are not going to do anything about it. So it's frustrating.

1 CHAIRMAN WINNER: The one thing we can do, and --

2 CHAIRMAN CHOPER: And that's the -- go ahead, I'm
3 sorry.

4 CHAIRMAN WINNER: I'm sorry. The one thing we can
5 do and have done is when -- when we have these drug issues
6 that come before us or before the stewards from horses that
7 have been drugged for match races, and then -- then they go
8 onto the racetrack and they have a high dosage, we can kind
9 of throw away the book, which is what we've been --

10 CHAIRMAN CHOPER: Oh, yeah. Well, we can do that.

11 CHAIRMAN WINNER: -- which is what we've been
12 doing.

13 CHAIRMAN CHOPER: If they -- if they race in one
14 of our regulated races --

15 CHAIRMAN WINNER: Right.

16 CHAIRMAN CHOPER: You know, we -- we certainly do
17 as much as we can to identify, and very successfully,
18 whether they've -- whether they have unlawful medication in
19 them. We can do a lot.

20 COMMISSIONER BENETO: Is there a police --

21 CHAIRMAN CHOPER: But, you know, these -- these
22 trainers are always -- the trainers here, some of them, some
23 trainers, not -- don't take it personally, you know,
24 they're -- they're always one step ahead of the sheriff.
25 And that's just the way the industry works when lots of

1 money is at stake. It's not only horse racing in which that
2 phenomenon exists.

3 CHAIRMAN WINNER: It would be a good idea if the
4 trainers would agree to, at least as an organization, Alan,
5 I'm speaking to you --

6 VICE CHAIR ROSENBERG: The quarter horses.

7 CHAIRMAN WINNER: -- if they -- well, yeah,
8 they're quarter -- they're quarter horses mostly, that's
9 correct.

10 VICE CHAIR ROSENBERG: Yeah.

11 CHAIRMAN WINNER: If they would agree to do
12 whatever they can to keep their trainers from taking the
13 \$100 or \$200 to list the horse under them, under their name,
14 even though they've never seen the horse until the day it
15 gets to the racetrack.

16 CHAIRMAN CHOPER: Well, we have cases. I mean, we
17 have situations like that all the time. And I think we've
18 taken some good steps into not only penalizing the trainers,
19 for whom I have more sympathy for than the owners who are
20 drugging them up on their farms before they come down and
21 race two days later. And no one knows about it until the
22 urine sample is taken at the -- after the race.

23 CHAIRMAN WINNER: Right.

24 CHAIRMAN CHOPER: So anyway, that was the second
25 item.

1 VICE CHAIR ROSENBERG: Can I mention something?

2 CHAIRMAN CHOPER: Sure.

3 VICE CHAIR ROSENBERG: On the -- you mentioned the
4 primarily quarter horses. Someone at the meeting yesterday
5 did mention that they have -- they are having more
6 thoroughbred races, actually are having thoroughbred races
7 at these -- the facilities.

8 The other thing is it's very frustrating, we
9 listened to all this discussion yesterday, as Commissioner
10 Choper pointed out, it's a crime but no one wants to enforce
11 it because it's a misdemeanor. And even if it's a felony,
12 maybe they wouldn't. But it occurred to me, which I
13 mentioned, this is an interesting case. You know, we have
14 animal -- people concerned about the welfare of horses,
15 which we all are. But the organizations that sort of watch
16 us, we might be able to -- there might be a way to get them
17 to --

18 CHAIRMAN WINNER: Right.

19 VICE CHAIR ROSENBERG: -- encourage the local
20 police departments to do something about this unregulated
21 racing.

22 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

23 CHAIRMAN WINNER: That's a good idea.

24 EXECUTIVE DIRECTOR BAEDEKER: That's a very good
25 suggestion.

1 VICE CHAIR ROSENBERG: And I don't know who to --
2 who could carry the lead on that, but it's something to look
3 into.

4 CHAIRMAN WINNER: Madeline, can you --

5 COMMISSIONER BENETO: I've got a question --

6 CHAIRMAN WINNER: -- what's your thought on this?

7 COMMISSIONER BENETO: -- on this.

8 COMMISSIONER AUERBACH: I think that's a great
9 thought.

10 CHAIRMAN WINNER: Commissioner Beneto?

11 COMMISSIONER BENETO: Are they pari-mutueling at
12 the bush meet or --

13 VICE CHAIR ROSENBERG: No.

14 CHAIRMAN CHOPER: No, no.

15 VICE CHAIR ROSENBERG: You can't get -- they
16 explained, at these, first of all, you can't get in. Most
17 of these you can't get into without having a name on a list.
18 You can't just walk in there and walk around.

19 Number two, they -- they have a tent where they do
20 their betting, which you can't get into unless they know
21 you.

22 COMMISSIONER BENETO: So they are pari-mutuel
23 betting?

24 CHAIRMAN WINNER: It's not pari-mutuel.

25 VICE CHAIR ROSENBERG: No. I mean, not --

1 COMMISSIONER BENETO: So they're betting amongst
2 each other?

3 CHAIRMAN WINNER: Yeah.

4 VICE CHAIR ROSENBERG: Yeah. Well, yeah.

5 COMMISSIONER BENETO: And that's illegal?

6 CHAIRMAN WINNER: Yeah.

7 COMMISSIONER AUERBACH: Yeah.

8 VICE CHAIR ROSENBERG: That's clearly illegal.

9 CHAIRMAN WINNER: It's match racing.

10 VICE CHAIR ROSENBERG: It's the law. Yeah.

11 COMMISSIONER AUERBACH: Uh-huh. Now I know what
12 he's been doing.

13 COMMISSIONER BENETO: That would be --

14 CHAIRMAN WINNER: You better stop doing it, Steve.

15 COMMISSIONER BENETO: Now wait a minute. Wait a
16 minute.

17 VICE CHAIR ROSENBERG: Didn't you and -- didn't
18 you and Kirk used to bet on those rodeo horses?

19 COMMISSIONER AUERBACH: Uh-huh.

20 COMMISSIONER BENETO: I've match raced before but
21 I never did it for money. I mean, I did it for the -- for
22 each other's horse. In other words, if I win I get your
23 horse.

24 CHAIRMAN CHOPER: I see.

25 CHAIRMAN WINNER: It seems to me that's a wager.

1 CHAIRMAN CHOPER: I think it's what we call
2 consideration. Okay.

3 CHAIRMAN WINNER: Keep going.

4 CHAIRMAN CHOPER: And finally is that we -- we had
5 presented to us a summary of -- and the bills themselves --
6 of all of the bills involving horse racing that are pending
7 before the -- be pending before the legislature.

8 And I should say that even though it is highly
9 unlikely that -- well, certainly from last -- yesterday that
10 we would have any ultimate push success in doing something.
11 We were told by some that there's little likelihood anyone's
12 going to -- they're going to end up getting passed anyway.
13 But this Committee ought to each -- each time it meets or
14 several -- or more times during the course of the year take
15 a look at the bills that are pending. Because I think it
16 would be a good thing for the Board and its constituents to
17 be able to hear what these things are and use any
18 opportunity that the -- that we have to make ourselves known
19 in the legislative process, make our wishes known in the
20 legislative process, or input, whatever you want to call it.

21 CHAIRMAN WINNER: Commissioner Choper, with
22 respect to the legislation specifically, I couldn't agree
23 more. I mean, obviously, the -- I know that various
24 stakeholders within the racing industry are involved on an
25 ongoing basis or have been involved on an ongoing basis with

1 respect to -- with the internet poker bill, the fantasy
2 sports legislation, et cetera. But the more we can be
3 involved -- the more the industry can be involved the better
4 it is.

5 I speak often with some of the other stakeholders
6 outside of racing. And I hear things from them that are
7 different possibly than the things I hear from some of the
8 people within racing with respect to the chances that the
9 legislation passes and the chances of racing getting a
10 license, how the -- what happens when the 15 percent tax is
11 not agreed upon, and what does that do our -- to the amount
12 of money that supposedly is allocated, the whole issue of
13 general fund and he who taketh can taketh away -- he who
14 giveth can taketh away, et cetera.

15 So I know everybody is paying attention to that.
16 And it's critical to racing because right now, you know, we
17 sort of have exclusivity with respect to internet wagering.
18 And if we go to internet poker, internet fantasy or whatever
19 it is, as those things become legal or at least are not --
20 are not made illegal, that has an impact on -- on racing. I
21 don't think there's any question about it.

22 And therefore, we have an enormous stake in this,
23 and we ought to be really paying attention. I know a group
24 met with the governor. I've spoken with the governor in his
25 office about -- about these issues. And I just -- I

1 couldn't agree with you more.

2 This is really critical to racing. And I think
3 the Committee and the Board and Staff ought to be on top of
4 it on a moment-to-moment basis, especially as it moves. And
5 I would hope that the -- even though this is not our role, I
6 would hope that the various associations and, you know, the
7 TOC, the CTT and all of those who are involved in the
8 process, keep staff informed as best they can so that we
9 are -- what we want, we want to be helpful. We don't want
10 to be harmful. So it -- and there may be some ways in which
11 we can be helpful, so please keep that in mind.

12 CHAIRMAN CHOPER: Well, I think we are. I think
13 we are involved in it.

14 CHAIRMAN WINNER: Right.

15 CHAIRMAN CHOPER: I mean, we have an obligation --

16 CHAIRMAN WINNER: That's correct.

17 CHAIRMAN CHOPER: -- to be involved in it.

18 CHAIRMAN WINNER: Right. Any other comments on
19 that? Okay.

20 Is there a motion to adjourn?

21 VICE CHAIR ROSENBERG: Yes.

22 COMMISSIONER AUERBACH: Moved.

23 COMMISSIONER KRIKORIAN: Second.

24 CHAIRMAN WINNER: Commissioner Auerbach moves.

25 Commissioner Krikorian seconds.

1 Commissioner Beneto, how do you vote --

2 COMMISSIONER BENETO: Yes.

3 CHAIRMAN WINNER: -- for adjournment?

4 COMMISSIONER BENETO: Yes.

5 CHAIRMAN WINNER: Commissioner Choper?

6 CHAIRMAN CHOPER: No.

7 CHAIRMAN WINNER: Vice Chair Rosenberg?

8 VICE CHAIR ROSENBERG: Yes.

9 CHAIRMAN WINNER: The Chairman votes yes.

10 Commissioner Auerbach?

11 COMMISSIONER AUERBACH: Yes.

12 CHAIR STRINGER: Commissioner --

13 COMMISSIONER SOLIS: Yes.

14 CHAIRMAN WINNER: Commissioner Krikorian?

15 COMMISSIONER KRIKORIAN: Yes.

16 CHAIRMAN WINNER: The meeting is adjourned by a
17 six-to-one vote.

18 (Whereupon the Regular Meeting of the California Horse
19 Racing Board adjourned into Closed Session at 11:37 a.m.)

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CERTIFICATE OF REPORTER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of March, 2016.



MARTHA L. NELSON

CERTIFICATE OF TRANSCRIBER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.



MARTHA L. NELSON, CERT**367

March 1, 2016